



Prospectus of Dar AlMajed Real Estate Company

Offering of ninety million (90,000,000) Ordinary Shares, representing thirty percent (30%) of Dar AlMajed Real Estate Company's share capital, through a public offering at a price of SAR [●] per share.

Dar AlMajed Real Estate Company (hereinafter referred to as the "Company", the "Issuer", "AlMajdiah Company", or "AlMajdiah") is a Saudi closed joint-stock company registered under Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014/C). The current capital of the Company is three hundred million Saudi Riyals (SAR 300,000,000), divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Riyal (SAR 1) per share (the "Share[s]).

Sheikh Abdulrahman bin Nasser AlMajed began his investment and real estate development activities in 1969G. This marked the beginning of the family's journey in the real estate sector with the establishment of Mohammed and Khaled AlMajed Real Estate Company operating in the real estate development and investment sector and registered under Commercial Registration No. 1010159804 dated 25/03/1421H (corresponding to 27/06/2000G). Driven by an ambitious vision for growth and expansion, this entity became the foundation for launching multiple affiliated family companies. Hussam and Majed AlMajed Real Estate Company was established with Commercial Registration No. 1010425491 dated 01/12/1435H (corresponding to 25/09/2014G). Additionally, Nasser and Abdul salam Abdulrahman AlMajed Real Estate Company was established as a limited liability company, becoming one of the family's entities specializing in real estate development, with Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G). The companies achieved significant success, and with ongoing success, in 2020G, the family decided to consolidate their efforts and continue to restructure the Group through the acquisition of subsidiaries to operate under "Nasser & Abdul salam Abdulrahman AlMajed Real Estate Company", changing the Company's name to "Dar AlMajed Real Estate Company", inspired by the values and principles that had proven successful in previous stages.

The Company commenced its specialized real estate development and investment activities as a limited liability company under the name "Nasser & Abdul salam Abdulrahman AlMajed Real Estate Company" with a capital of one hundred thousand Saudi Riyals (SAR 100,000) and under Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014C). On 07/04/1442H (corresponding to 22/11/2020C), the Company increased its share capital from one hundred thousand Saudi Riyals (SAR 100,000) to three hundred thousand Saudi Riyals (SAR 300,000) by capitalizing the amounts owed to the Shareholders.

In continuation of the Group's restructuring process, and after the acquisition of the subsidiaries and the increase of the Company's capital, on 21/09/1443H (corresponding to 22/04/2022G), Shareholders, Abdul salam bin Abdulrahman AlMajed and Nasser bin Abdulrahman AlMajed, transferred part of their shares to new Shareholders, resulting in the following ownership percentages: (i) Mohammed Abdulrahman AlMajed with 19.5%; (ii) Khaled Abdulrahman AlMajed with 19.5%; (iii) Hussam Abdulrahman AlMajed with 14.625%; (iv) Majed Abdulrahman AlMajed with 14.625%; (v) Abdul salam Abdulrahman AlMajed with 14.625%; (vi) Nasser Abdulrahman Nasser AlMajed with 14.625%; (vii) Abdullah Abdulrahman Nasser AlMajed with 15%; and (viii) Nader Hassan Attallah AlAmri with 1.0%.

On 26/09/1443H (corresponding to 27/04/2022G), the following Shareholders: (i) Mohammed Abdulrahman AlMajed, (ii) Khaled Abdulrahman AlMajed, (iii) Hussam Abdulrahman AlMajed, (iv) Majed Abdulrahman AlMajed, (v) Abdulsalam Abdulrahman AlMajed, and (vi) Nasser Abdulrahman Nasser AlMajed, sold, for cash consideration, part of their shares, representing fifteen percent (15%) of the Company's capital, to Al Faisaliyah Commercial Investment Company (75%) and AWJ Real Estate Development and Investment Company (75%).

On 15/11/1443H (corresponding to 14/06/2022C), the following Shareholders: (i) Mohammed Abdulrahman AlMajed, (ii) Khaleid Abdulrahman AlMajed, (iii) Hussam Abdulrahman AlMajed, (iv) AlMajed Abdulrahman AlMajed, (v) Nassar Abdulrahman AlMajed, and (vi) Abdulalqam Abdulrahman AlMajed, assigned, without consideration, part of their shares in the Company to Dar AlMajed Holding Company, Abdulsalam Abdulrahman AlMajed assigned, without consideration, part of his shares in the Company to AlMajid AlAwla Real Estate Company, and Al Faisaliyah Commercial Investment Company assigned, without consideration, all its shares in the Company to Ruifud Modern Investment Company. For further details, please refer to Section 4.5 ("Overview of the Ownership Structure of the Company and Evolution Thereof").

On 22/08/1444H (corresponding to 13/04/2023G), the Company converted from a limited liability company to a closed joint-stock company with a capital of three hundred million Saudi Riyals (SAR 300,000,000) divided into thirty million (30,000,000) Ordinary Shares of equal value, each of which is at ten Saudi Riyals (SAR 10) and was registered in the commercial register as a closed joint-stock company.

On 26/11/1445H (corresponding to 03/06/2024G), the Extraordinary General Assembly resolved to reduce the nominal value of each Share from ten Saudi Riyals (SAR 10) to one Saudi Riyal (SAR 1) per Share. The Company's issued capital is now three hundred million Saudi Riyals (SAR 300,000,000) divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Riyal (SAR 1) per share.

As at the date of this Prospectus, the Company's current capital is three hundred million Saudi Riyals (SAR 300,000,000) divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Rival (SAR 1) per share.

The initial public offering (hereinafter referred to as the **"Offering"**) consists of the offering of ninety million (90,000,000) Ordinary Shares (hereinafter referred to collectively as the **"Offer Shares"**, and each as an **"Offer Share"**), which represent thirty percent (30%) of the share capital of the Company, at an offer price of [●] Saudi Riyals (SAR [●]) (hereinafter referred to as the **"Offer Price"**). Subscription to the Offer Shares shall be restricted to the two following groups of investors (hereinafter referred to as the **"Investors"**):

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions, (said investors shall be collectively, referred to as the **"Participating Parties"** and each a **"Participating Party"**) (for further details, please refer to Section 1 (**"Definitions and Abbreviations"**)). The number of Offer Shares to be initially allocated to Participating Parties is ninety million (90,000,000) Shares, representing one hundred percent (100%) of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers (as defined in Tranche (B) below), the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of seventy-two million (72,000,000) Ordinary Shares, representing eighty percent (80%) of the total Offer Shares. The Financial Advisor, in coordination with the Company and the Selling Shareholders (each as defined in Section 1 (**"Definitions and Abbreviations"**)), shall determine the number and percentage of Offer Shares to be allocated to Participating Parties using the discretionary share allocation mechanism. **Tranche (B): Individual Subscribers:** This tranche includes Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi husband who is entitled to subscribe in her own name and in the names of her minor children for her own benefit, provided that she submits proof that she is a divorcee or widow, and that she is the mother of her minor children; and any non-Saudi Arabian natural person who is residing in Saudi Arabia and is a national of consideration in the Gulf Cooperation Council (the **"GCC"**) or considers therein, in each case who has an investment account and an active portfolio with one of the Receiving Agents or has the right to open an investment account with a Capital Market Institution (collectively, the **"Individual Subscribers"**), and each an **"Individual Subscriber"**). Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of eighteen million (18,000,000) Shares, representing twenty percent (20%) of the total Offer Shares, shall be allocated to Individual Subscribers. The Financial Advisor, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Individual Subscribers. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby.

All Sale Shares will be offered by the Shareholders listed on page (xiii) [collectively the **"Selling Shareholders"**], who collectively own the entirety of the Company's Shares prior to the Offering. The Selling Shareholders shall own seventy percent (70%) of the Company's share capital following the Offering and will continue to hold the controlling interest in the Company. The proceeds of the Offering shall be distributed, after deducting the Offering expenses ("**Net Offering Proceeds**") to the Selling Shareholders in proportion to their ownership percentage in the Offering Shares. The Company's Shares are not registered under the Offering Shares. For further details, please refer to Section 8 "**Use of Proceeds**", noting that the Underwriter (as defined in this Prospectus) has fully pledged to cover the Offering (for further details, please refer to Section 13 ("**Underwriting**"). The Substantial Shareholders, being: (i) Dar AlMajed Holding Company; (ii) AWJ Real Estate Development and Investment Company; and (iii) Rifa'ud Monumen Investment Company, the details of the ownership percentages for each of them are shown in on page (xiii). Table 12 ("**Direct Substantial Shareholders and Ownership Percentages held thereby Pre- and Post-Offering**") of the Offering Summary, shall be subject to a lock-up period during which they shall be prohibited from disposing

of or mortgaging their Shares for a period of six (6) months (hereinafter referred to as the **"Lock-up Period"**) from the date on which the Company's Shares began trading on the Saudi Exchange (hereinafter referred to as **"Tadawul"**, the **"Market"** or the **"Saudi Stock Exchange"**).

The Offering Period for Individual Subscribers will commence on Thursday 20/02/4474H (corresponding to 14/08/2025C) and will remain open for a period of Three (3) days up to and including Monday 24/02/4474H (corresponding to 18/08/2025C), (hereinafter referred to as the “**Offering Period**”). Subscription Application Forms may be submitted through channels made available by the receiving agents (the “**Receiving Agents**”) listed on page (ix) during the Offering Period (for further details, please refer to Section 17 (“**Subscription Terms and Conditions**”). Participating Parties can subscribe to the Offer Shares through the Bookrunner (defined in Section 1 (“**Definitions and Abbreviations**”)) during the Book-Building Process taking place prior to the Offering to Individual Subscribers.

Each Individual Subscriber who subscribes to the Offer Shares must apply for a minimum of Ten (10) Offer Shares. The maximum number of Offer Shares that can be subscribed for is Two million five hundred thousand (2,500,000) Shares per Individual Subscriber. The minimum allocation is Ten (10) Offer Shares for each Individual Subscriber and the balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Subscriber. In the event that the number of Individual Subscribers exceeds One million eight hundred thousand (1,800,000), the Company will not guarantee the minimum allocation of Offer Share, with allocation made equally to all Subscribers. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or withholding by the relevant Receiving Agent. Announcement of the final allocation and refund of subscription monies will be made on or before Wednesday 26/02/2025 (corresponding to 20/08/2025) and refund of subscription monies will be made on or before the latest Thursday 27/02/2025 (corresponding to 21/08/2025) (for further details, please refer to "**Key Dates and Subscription Procedures**" on page (xviii) and Section 17 ("**Subscription Terms and Conditions**")).

The Company has one class of Shares. Each Share entitles its holder to one vote, and each shareholder (a **"Shareholder"**), regardless of the number of Shares held thereby, has the right to attend and vote at any General Assembly of Shareholders, including the **"General Assembly"**. No Shareholder shall benefit from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared by the Company as at the date of this Prospectus (the **"Prospectus"**) and for subsequent financial years (for further details, please refer to Section 12 (**"Legal Information"**) and Section 7 (**"Dividend Distribution Policy"**)). Prior to the Offering, there has been no public market for the Shares in the KSA or elsewhere. Applications have been submitted by the Company to (i) the Capital Market Authority (referred to as the **"CMA"**) for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All relevant regulatory and corporate approvals required from the CMA and the Exchange to conduct the Offering have been granted, including approvals pertaining to this Prospectus and all supporting documents submitted pursuant to the CMA's requirements. The offering of the Shares will commence on the Exchange shortly after the allocation of the Offer Shares and satisfaction of necessary conditions and procedures (for further details, please refer to **"Key Dates and Subscription Procedures"**) on page (xviii).

Following the registration and listing of Company Shares on the Exchange, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom and companies and corporations and investment funds established in the Kingdom or in countries of the GCC as well as GCC nationals, will be permitted to trade in the Shares after trading therein starts on the Exchange. Qualified Foreign Investors, Strategic Foreign Investors and Foreign Persons who are clients of a Capital Market Institution licensed by CMA to practice management activities, will be permitted to trade in the Shares pursuant to the Rules for Foreign Investment in Securities (as defined in Section 1 (**Definitions and Abbreviations**)). Non-GCC individuals living outside the Kingdom and institutions registered outside GCC countries and operating outside KSA (hereinafter collectively referred to as **‘Foreign Investors’** and individually as **‘Foreign Investor’**) will have the right to invest indirectly and acquire an economic benefit in the Shares by entering into Swap Agreements with a licensed person or persons who are permitted to trade in the Shares for the benefit of Foreign Investors. Under the Swap Agreements, the licensed persons shall remain the legal owners of the relevant Shares.

Subscription to the Offer Shares can potentially entail risks and uncertainties. For a discussion of certain factors to be considered in connection with a subscription to the Offer Shares, please refer to **"Important Notice"** on page (i) and Section 2 (**"Risk Factors"**), which should be carefully considered prior to making a decision to invest in the Offer Shares.

Financial Advisor, Lead Manager,
Bookrunner and Underwriter

Receiving Agents



This Prospectus includes information for the application for registration and offer of securities given in compliance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the Capital Market Authority (the "CMA") and the application for listing securities in compliance with the Listing Rules of the Saudi Stock Exchange. The Directors, whose names appear on page (vi) collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 20/09/1446H (corresponding to 20/03/2025G).

This Red Herring prospectus will be made available to Participating Parties participating in the Book-building process, and does not include the Offer Price. The final version of this Prospectus which will include the Offer Price shall be published after the completion of the Book-building process and the determination of the Offer Price.



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Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, Investors, whether Participating Parties or Individual Subscribers, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which may be obtained by visiting the websites of the Company (www.almajdiah.com), CMA (www.cma.org.sa), the Saudi Exchange (Tadawul) (www.saudiexchange.sa), or the Financial Advisor (www.bsfcapital.sa).

In respect to the Offering, the Company has appointed BSF Capital as financial advisor (hereinafter referred to as the “**Financial Advisor**”), lead manager (the “**Lead Manager**”), bookrunner (the “**Bookrunner**”), and underwriter (the “**Underwriter**”).

This Prospectus includes information provided in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the CMA (as defined in Section 1 “**Definitions and Abbreviations**”), in addition to the Listing Rules issued by the Saudi Exchange. The Directors, whose names appear on page (v), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication, a substantial portion of the information in this Prospectus relevant to the market and industry in which the Company operates is derived from external sources. While none of the Company, the Financial Advisor, nor any of the Company’s other advisors whose names appear on pages (vii) and (xii) of this Prospectus (collectively, the “**Advisors**”), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Company has no control (for further details, please refer to Section 2 (“**Risk Factors**”). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders, the Financial Advisor, the Receiving Agents or any of the Advisors to subscribe for the Offer Shares. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of prospective investors. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient’s individual investment objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party’s vision or decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor’s individual circumstances.

Subscription to the Offer Shares shall be restricted to the two following groups of investors: **Tranche (A): Participating Parties:** This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions (for further details, please refer to Section 1 (“**Definitions and Abbreviations**”)); and **Tranche (B): Individual Subscribers:** This tranche includes Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi husband, who is entitled to subscribe in her name and in the names of her minor children for her own benefit, provided that she submits proof that she is a divorcee or widow and that she is the mother of her minor children; and any non-Saudi Arabian natural persons who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council or resident therein, in each case who has an investment account and an active portfolio with one of the Receiving Agents or has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors and/or Foreign Investors pursuant to Swap Agreements entered into with a Capital Market Institution, in accordance with the terms and conditions of such Swap Agreements, and in each case subject to applicable laws and regulations at the relevant jurisdiction. All recipients of this Prospectus must inform themselves of any legal or regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to observe all such restrictions. Each eligible Individual Subscriber and Participating



Party should read the entire Prospectus and seek and rely on their own counsel, financial advisors and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Company Shares. No assurance can be made that profits will be achieved.

Market and Industry Information

The information and data contained in Section 3 (“**Overview of The Market and Industry**”) of this Prospectus are derived from the market study report prepared for the Company by the Market Study Consultant, Professional Real Estate Company – Colliers (Single Person Company) (the “**Market Study Consultant**”) dated April 2024G, regarding the real estate development sector in the Kingdom of Saudi Arabia (the “**Market Study**”).

Professional Real Estate Company – Colliers (Single Person Company) was founded in 2011G, in Riyadh, Kingdom of Saudi Arabia. It provides strategic market research services. For further information about Professional Real Estate Company – Colliers (Single Person Company), please visit the Market Study Consultant’s website: <https://www.colliers.com/en-sa>. The Market Study Consultant prepared the study report independently and objectively and was keen to ensure the accuracy and completeness of said report. The research was conducted from a broad sector perspective and may not necessarily reflect the performance of individual companies in the sector.

The Directors believe that the market and industry information and data from other sources contained in this Prospectus, including that provided by the Market Study Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholders, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information. The Market Study Consultant does not, nor do any of its shareholders, directors, or their relatives own any Shares or any interest of any kind in the Company or its Subsidiaries. As at the date of this Prospectus, the Market Study Consultant has given and not withdrawn its written consent for the use of the market research and data supplied by it to the Company in the manner and format set out in this Prospectus.

Saudi Arabia’s real estate market is experiencing significant growth and transformation, driven by a diverse range of economic and demographic factors.

• **Riyadh**

The capital city, Riyadh, is a central hub with a diversified economy spanning real estate, finance, logistics, tourism, and entertainment. Based on Saudi Census 2022G and the historical data from 2010G to 2022G, the city’s population has grown at a CAGR of 2.75%. Further, the population is expected to grow from 7.20 million in 2023G to 8.71 million by 2030G, with households increasing from 1.98 million to 2.68 million. The government is implementing a series of impactful initiatives aimed at enhancing Riyadh’s status as a premier global business hub and a sought-after touristic destination. These initiatives are strategically designed to boost the city’s livability and have a larger target population of 15.4 million by 2030G. The strategic plan includes large-scale mega and giga projects such as New Murabba, Diriyah Gate, and Qiddiyah. Additionally, it incorporates vital infrastructure initiatives, some of which include the Riyadh Metro, Green Riyadh Project, and King Salman Airport. These developments are designed to accommodate the city’s growing population and enhance Riyadh’s quality of life. The residential supply is projected to grow from 2.21 million units in 2023G to nearly 2.99 million by 2030G, reflecting a CAGR of 4.2%. Demand for residential units is driven by new household formations, with a significant need for affordable housing. The market gap is expected to be around 91,000 units by 2030G.

• **Jeddah**

With an estimated population of 3.82 million in 2023G, Jeddah is a diversified economy with tourism, logistics and trade. The population in Jeddah is projected to grow to 4.37 million by 2030G, with households increasing from 1.12 million to 1.39 million. The residential supply is anticipated to increase from 1.29 million units in 2023G to approximately 1.61 million by 2030G. Demand is driven by new household formations and a need for affordable housing. The market gap is expected to be around 50,000 units by 2030G.

• **Dammam Metropolitan Area (Dammam, Al Khobar, and Dhahran)**

Metropolitan Area (DMA), including Dammam, Al Khobar, and Dhahran, hosts the headquarters of Aramco and has a significant industrial sector. The population is expected to grow from 2.26 million in 2023G to 2.78 million by 2030G, with households increasing from 662,000 to 895,000. The residential supply is projected to grow from 760,000 units in 2023G to 1.03 million by 2030G. Demand is driven by new household formations and a shift towards smaller household sizes, with a projected market gap of approximately 21,000 units by 2030G.

• **Madinah**

With an estimated population of 1.51 million in 2023G, Madinah is driven by religious tourism, agriculture, and industrial sectors. The population is projected to grow to 1.78 million by 2030G, with households increasing from 368,000 to 462,000. The residential supply is expected to grow from 411,000 units in 2023G to 516,000 by 2030G. Demand is driven by new household formations and a need for affordable housing. The market gap is expected to be around 18,000 units by 2030G.

The overall real estate market in Saudi Arabia is shaped by demographic trends, economic factors, and strategic urban planning, with a significant emphasis on mixed-use developments and affordable housing to meet the growing demand. The market is characterized by dynamic growth in major cities, driven by Vision 2030 initiatives and significant investments in infrastructure and real estate projects.

Financial Information

Set out are the audited consolidated financial statements of the Company, prepared in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia, for the financial year ended 31 December 2021G ("FY2021G Financial Statements") as audited by Turki Abdulmohsen Alluhaid & Saleh Abdullah Al Yahya Chartered Accountants and Auditors; for the financial year ended 31 December 2022G ("FY2022G Financial Statements"), prepared in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Certified Public Accountants ("SOCPA"); as well as for the financial year ended 31 December 2023G ("FY2023G Financial Statements"), prepared in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by SOCPA (collectively, the "IFRS-KSA"), audited by Ernst & Young Professional Services (Professional LLC), as stated in their report attached to this Prospectus.

The condensed consolidated interim financial statements for the Nine-Month Periods ended 30 September 2023G and 2024G have been prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia as well as other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (SOCPA), and have been reviewed by the Group's Auditor, Ernst & Young Professional Services (Professional LLC).

The above financial statements are set out in Section 19 ("Consolidated Financial Statements and Auditors' Reports"). The Company issues its consolidated financial statements in Saudi Riyals.

The financial and statistical information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies of one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to "year" or "years" means Gregorian years.

Forecasts and Forward-Looking Data

Forecasts set out in this Prospectus have been prepared on the basis of assumptions relating to the Company's business information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently, no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that, to the best of its knowledge, statements have been made hereunder following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology.

These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other Sections of this Prospectus (for further details, please refer to Section 2 ("Risk Factors")). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Subject to the requirements of the OSCOs, the Company must submit a supplementary Prospectus to the CMA if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that:

- there has been a significant change in any material information contained in this Prospectus or any document required by the OSCOs; or
- significant additional issues have arisen whose inclusion in this Prospectus would have been necessary.

With the exception of these two cases, the Company does not intend to update or change any industry or market information or the forward-looking-statements included in this Prospectus, whether as a result of new information, future events or otherwise. As a result, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Therefore, investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

The Company's Board of Directors

Table 1.1: Members of the Company's Board of Directors

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Khaled bin Abdulrahman bin Nasser AlMajed	Chairman of the Board	Saudi	Non-Executive	22/08/1444H (corresponding to 13/04/2023G)	3.96%	2.77%	10.60% ⁽¹⁾	7.42%
2	Majed bin Abdulrahman bin Nasser AlMajed	Vice Chairman of the Board	Saudi	Non-Executive	22/08/1444H (corresponding to 13/04/2023G)	2.97%	2.08%	10.36% ⁽²⁾	7.25%
3	Nasser bin Abdulrahman bin Nasser AlMajed	Member of the Board	Saudi	Non-Executive	06/03/1446H (corresponding to 09/09/2024G)	2.97%	2.08%	10.36% ⁽³⁾	7.25%
4	Abdulsalam bin Abdulrahman bin Nasser AlMajed	Managing Director	Saudi	Executive	05/01/1444H (corresponding to 11/07/2024G)	2.97%	2.08%	10.36% ⁽⁴⁾	7.25%
5	Ziad bin Mohammed Makki AlTounisi	Member of the Board	Saudi	Non-Executive	22/08/1444H (corresponding to 13/04/2023G)	-	-	-	-
6	Abdulaziz bin Mohammed bin Abdulaziz AlMousa	Member of the Board	Saudi	Non-Executive	05/01/1444H (corresponding to 11/07/2024G)	-	-	-	-
7	Mohammed bin Mahmoud bin Issa Abu Diab	Member of the Board	Jordanian	Independent	22/08/1444H (corresponding to 13/04/2023G)	-	-	-	-
8	Abdulrahman bin Mohammed bin Abdulaziz AlBarrak	Member of the Board	Saudi	Independent	22/08/1444H (corresponding to 13/04/2023G)	-	-	-	-
9	Ali bin Abdulrahman bin Othman AlGhamdi	Member of the Board	Saudi	Independent	22/08/1444H (corresponding to 13/04/2023G)	-	-	-	-

Source: The Company

The current Secretary of the Company's Board of Directors is Ahmed bin Saad bin Moqad, who does not own any direct or indirect Shares in the Company.

¹ Mr. Khaled bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.60% pre-Offering, as a result of an ownership percentage of 16.67% and 19.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

² Mr. Majed bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

³ Mr. Nasser bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

⁴ Mr. Abdulsalam bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

Company Address and Representatives and the Board Secretary

Dar AlMajed Real Estate Company

Habel Qambaa Street, Qairawan District
6863 Riyadh
P.O. Box 3463
Kingdom of Saudi Arabia
Unified Tel: +966 920011719
Tel: +966 01112158200
Website: www.almajdiah.com
E-mail: info@almajdiah.com



Company's Representatives

Abdulrahman Mohammed Abdulaziz AlBarrak

Board Member
Habel Qambaa Street, Qairawan District
6863 Riyadh
P.O. Box 3463
Kingdom of Saudi Arabia
Unified Tel: +966 920011719
Tel: +966 01112158200
Website: www.almajdiah.com
E-mail: Barrak.a@outlook.com

Mohammed Salah Mohammed Abdulhalim Ibrahim

CFO
Habel Qambaa Street, Qairawan District
6863 Riyadh
P.O. Box 3463
Kingdom of Saudi Arabia
Unified Tel: +966 920011719
Tel: +966 01112158200
Website: www.almajdiah.com
E-mail: m.salah@almajdiah.com

Secretary of the Board

Ahmed bin Saad bin Moqad

Habel Qambaa Street, Qairawan District
6863 Riyadh
P.O. Box 3463
Kingdom of Saudi Arabia
Unified Tel: +966 920011719
Tel: +966 01112158200
Website: www.almajdiah.com
E-mail: board.secretary@almajdiah.com

Stock Exchange

Saudi Exchange Company

Tawuniya Towers, North Tower
King Fahad Road - Olaya 6897
Unit No. 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 92 000 1919
Fax: +966 11 218 9133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa



Stock Registrar

Securities Depository Center Company (Edaa)

Tawuniya Towers
King Fahad Road - Olaya 6897
Unit No. 11
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 92 0026000
Website: www.edaa.com.sa
Email: cc@edaa.com.sa



من مجموعة تداول السعودية
From Saudi Tadawul Group

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Saudi Fransi Capital

King Fahd Road 8092
 P.O. Box 23454
 Riyadh 3735-12313
 Kingdom of Saudi Arabia
 Tel: +966 11 2826666
 Fax: +966 11 2826823
 Website: www.bsfcapital.sa
 E-mail: Almajdiah.IPO@bsfcapital.sa



Legal Adviser to the Issuer

Baker McKenzie Law Firm

Al Olayan Complex, Tower II, Third Floor
 Al-Ahsa Street, Al Malaz
 P.O. Box: 69103
 Riyadh 11547
 Kingdom of Saudi Arabia
 Tel: +966 11 265 8900
 Fax: + 966 11 265 8999
 Website: www.bakermckenzie.com
 Email: legaladvisors@bakermckenzie.com



Legal Advisor to the Financial Advisor, Lead Manager, Bookrunner and Underwriter

Zeyad Sameer Khoshaim Law Firm (Professional Limited Liability Company)

17th Floor, Tower B
 Olaya Towers, Olaya District
 P.O. Box 230667, Riyadh 11321
 Kingdom of Saudi Arabia
 Tel: +966 11 461 8700
 Fax: +966 11 461 8799
 Website: www.khoshaim.com
 Email: info@khoshaim.com



Financial Due Diligence Advisor

PricewaterhouseCoopers

Legal Accountants and Auditors
 Kingdom Tower, 21th Floor
 P.O. Box 13934
 Riyadh 11414
 Kingdom of Saudi Arabia
 Tel: +966 211 0400
 Fax: +966 211 0400
 Website: www.pwc.com.sa
 E-mail: project.knight@pwc.com



Market Study Consultant

Professional Real Estate Company - Single Person Company

Al Faisaliah Tower - Second Floor- Olaya- King Fahd Road
 P.O. Box 5678 Riyadh 11432
 Tel: +966 11273 7775
 Fax: +966 11273 7776
 Website: <https://www.colliers.com/en-sa>
 E-mail: Imad.Damrah@colliers.com





Auditor for the Financial Years Ended 31 December 2022G, 31 December 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G

Ernst & Young Professional Services (Professional LLC)

Al Faisaliah Tower, 14th floor
King Fahd Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 11 215 9898
Fax: +966 11 273 4730
Website: ey.com/mena
Email: ey.ksa@sa.ey.com



Auditor for the Financial Year Ended 31 December 2021G

**Turki Abdulmohsen Alluhaid & Saleh Abdullah Al Yahya
Chartered Accountants and Auditors**

Twelfth floor, Grand Tower, King Fahd Road, Muhammadiyah
District
P.O. Box 85453
Riyadh 11691
Kingdom of Saudi Arabia
Tel: +966 11 2693516
Fax: +966 11 2693516
Website: www.lyca.com.sa
E-mail: info@lyca.com.sa



Note: All the above-mentioned advisors and independent auditors have provided, and have not withdrawn, their written consent, as at the date of this Prospectus, to the publication of their names, logos, statements and reports attributed thereto (as necessary) in the context in which they appear in this Prospectus. Moreover, they do not themselves nor does any of their employees working with the team on providing services to the Company, nor any of their relatives have any shareholding or interest of any kind in the Company or any of its subsidiaries as the date of this Prospectus.

Receiving Agents

BSF Capital

King Fahad Road 8092
 4th Floor, Legend Tower
 P.O. Box 23454 Riyadh 12313-3735
 Kingdom of Saudi Arabia
 Tel: +966 (11) 282 6666
 Fax: +966 (11) 282 6723
 Website: www.bsfcapital.com
 Email: sfc-supportcenter@bsfcapital.sa



AlRajhi Capital

Head Office, King Fahad Road, Al Murooj District
 P.O. Box 5561 Riyadh 11432
 Kingdom of Saudi Arabia
 Tel: +966 92 000 5856
 Fax: +966 (11) 460 0625
 Website: www.alrajhi-capital.com
 Email: investmentbankingteam@alrajhi-capital.com



SAB Invest

Olaya Main Street
 P.O. Box 1467 Riyadh 11431
 Kingdom of Saudi Arabia
 Tel: 8001242442
 Fax: +966 (12) 216 9102
 Website: www.sabinvest.com
 Email: customercare@sabinvest.com



Alinma Capital

Al Anoud Tower 2, King Fahad Road
 P.O. Box 55560 Riyadh 11544
 Kingdom of Saudi Arabia
 Tel: +966 (11) 218 5999
 Fax: +966 (11) 218 5970
 Website: www.alinmainvestment.com
 Email: Info@alinmainvest.com



Riyad Capital

2414 - Al Shuhada District, Unit No. 69
 P.O. Box 13241 Riyadh 7279
 Kingdom of Saudi Arabia
 Tel: +966 (11) 486 5649
 Fax: +966 (11) 486 5908
 Website: www.riyadcapital.com
 Email: ask@riyadcapital.com



Aljazira Capital

King Fahad Branch Road, Al Rahmanyah
 P.O. Box 20438 Riyadh 11455
 Kingdom of Saudi Arabia
 Tel: +966 (11) 225 6000
 Fax: +966 (11) 225 6182
 Website: www.aljaziracapital.com.sa
 Email: contactus@aljaziracapital.com.sa



Alistithmar Capital

King Fahad Branch Road
P.O. Box 6888 Riyadh 11452
Kingdom of Saudi Arabia
Tel: +966 (11) 254 7666
Fax: +966 (11) 489 6253
Website: www.icap.com.sa
Email: WebEcare@icap.com.sa

**Albilad Capital**

King Fahad Road, Al Olaya, Riyadh – 12313 – 3701
Kingdom of Saudi Arabia
Tel: 800116002
Fax: +966 (11) 290 6299
Website: www.albilad-capital.com
Email: investmentbanking@albilad-capital.com

**ANB Capital**

King Faisal Street
ANB Capital Building
P.O. Box 220009 Riyadh 11311
Kingdom of Saudi Arabia
Tel: +966 (11) 406 2500
Fax: +966 (11) 406 2548
Website: www.anbcapital.com.sa
Email: Investment.Banking@anbcapital.com.sa

**SNB Capital**

King Saud Street, Al-Murabba District - Building No. 7347
P.O. Box 2575, Riyadh 12624
Kingdom of Saudi Arabia
Tel: +966 920000232
International Call Center: +966 (11) 406 0052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com.sa

**Derayah Financial**

Riyadh - Al-Takhassusi Street - Prestige Center - Third Floor
Kingdom of Saudi Arabia
Tel: +966 (11) 299 8000
Fax: +966 (11) 419 5498
Website: www.derayah.com
Email: support@derayah.com

**Yaqeen Capital**

ANB Capital Building
Al Worood District - Al Olaya Road - Riyadh
P.O. Box 884 Riyadh 11421
Kingdom of Saudi Arabia
Tel: +966 800 429 8888
Fax: +966 (11) 205 4827
Website: www.yaqeen.com
Email: addingvalue@yaqeen.sa

**Alkhabeer Capital**

Madinah Road, Jeddah
P.O. Box 128289 Jeddah 21362
Kingdom of Saudi Arabia
Tel: +966 (12) 612 9345
Fax: +966 (12) 685 6663
Website: www.alkhabeer.com
Email: info@alkhabeer.com



Sahm Capital

King Abdullah Financial District - Tower 305
 Riyadh 13519
 Kingdom of Saudi Arabia
 Tel: +966 (11) 414 5260
 Website: www.sahmcapital.com
 Email: info@sahmcapital.com



GIB Capital

Granada Business & Residential Park - Building 1
 Eastern Ring Road
 P.O. Box 89589, Riyadh 11692
 Kingdom of Saudi Arabia
 Tel: +966 8001240121
 Website: www.gibcapital.com
 Email: customercare@gibcapital.com



Musharaka Capital

Prince Turkey Street, Alkurnaish,
 Al Khobar 34413,
 Kingdom of Saudi Arabia,
 Tel: +966 92000 6811
 Fax: +966 13 881 8412
 Website: www.musharaka.sa
 Email: receiving-entity@musharaka.sa



EFG Hermes KSA

Third Floor, Northern Tower, Sky Towers,
 King Fahd Road, Al Olaya, Riyadh
 P.O. Box 300189, Riyadh 11372
 Kingdom of Saudi Arabia
 Tel: +966 11 2938048
 Fax: +966 11 2938032
 Website: www.efghermesksa.com
 Email: ksareipo@efg-hermes.com



Awaed Alosool Capital

AlUrubah Road 2163, AlMathar Ash Shamali 12334,
 Home Offices, Riyadh,
 Saudi Arabia
 Tel: 8001111870
 Website: www.awaed.capital
 Email: ipo_awaed@awaed.co



Summary of the Offering

This Summary is intended to provide a brief overview of the information on the offering contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Therefore, should be based by prospective investors on all the information in this Prospectus as a whole. Accordingly, it is important to carefully consider the “**Important Notice**” on page (i) and Section 2 (“**Risk Factors**”), prior to making any investment decision in the Offer Shares.

Company Name, Description and Incorporation	Dar AlMajed Real Estate Company is a Saudi closed joint-stock company registered under Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G). The Company was established pursuant to Ministerial Resolution No. 284 dated 23/06/1444H (corresponding to 13/04/2023G). According to its commercial register, the Company's head office is located in Riyadh at the following address: 6863 Riyadh 13531-23463, P.O. Box 3463. The current capital of the Company is three hundred million Saudi Riyals (SAR 300,000,000), divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Riyal (SAR 1) per share (the “Share(s)”). Sheikh Abdulrahman bin Nasser AlMajed began his investment and real estate development activities in 1969G. This marked the beginning of the family's journey in the real estate sector with the establishment of Mohammed and Khaled AlMajed Real Estate Company operating in the real estate development and investment sector and registered under Commercial Registration No. 1010159804 dated 25/03/1421H (corresponding to 27/06/2000G). Driven by an ambitious vision for growth and expansion, this entity became the foundation for launching multiple affiliated family companies. Hussam and Majed AlMajed Real Estate Company was established with Commercial Registration No. 1010425491 dated 01/12/1435H (corresponding to 25/09/2014G). Additionally, Nasser and Abdulsalam Abdulrahman AlMajed Real Estate Company was established as a limited liability company, becoming one of the family's entities specializing in real estate development, with Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G). The companies achieved significant success, and with ongoing success, in 2020G, the family decided to consolidate their efforts by starting to restructure the Group through the acquisition of subsidiaries to operate under “Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company”, changing the Company's name to “Dar AlMajed Real Estate Company”, inspired by the values and principles that had proven successful in previous stages. The Company commenced its specialized real estate development and investment activities as a limited liability company under the name “Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company” with a capital of one hundred thousand Saudi Riyals (SAR 100,000) and under Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G). On 07/04/1442H (corresponding to 22/11/2020G), the Company increased its share capital from one hundred thousand Saudi Riyals (SAR 100,000) to three hundred million Saudi Riyals (SAR 300,000,000) by capitalizing the amounts owed to the Shareholders. In continuation of the Group's restructuring process, and after the acquisition of the subsidiaries and the increase of the Company's capital, on 21/09/1443H (corresponding to 22/04/2022G), Shareholders, Abdulsalam bin Abdulrahman AlMajed and Nasser bin Abdulrahman AlMajed, transferred part of their shares to new Shareholders, resulting in the following ownership percentages: (i) Mohammed Abdulrahman AlMajed with 19.5%; (ii) Khaled Abdulrahman AlMajed with 19.5%; (iii) Hussam Abdulrahman AlMajed with 14.625%; (iv) Majed Abdulrahman AlMajed with 14.625%; (v) Abdulsalam Abdulrahman AlMajed with 14.625%; (vi) Nasser Abdulrahman Nasser AlMajed with 14.625%; (vii) Abdullah Abdulrahman Nasser AlMajed with 15%; and (viii) Nader Hassan Attallah AlAmri with 1.0%. On 26/09/1443H (corresponding to 27/04/2022G), the following Shareholders: (i) Mohammed Abdulrahman AlMajed, (ii) Khaled Abdulrahman AlMajed, (iii) Hussam Abdulrahman AlMajed, (iv) Majed Abdulrahman AlMajed, (v) Abdulsalam Abdulrahman AlMajed, and (vi) Nasser Abdulrahman Nasser AlMajed, sold, for cash consideration, part of their shares, representing fifteen percent (15%) of the Company's capital, to Al Faisaliah Commercial Investment Company (7.5%) and AWJ Real Estate Development and Investment Company (7.5%). On 15/11/1443H (corresponding to 14/06/2022G), the following Shareholders: (i) Mohammed Abdulrahman AlMajed, (ii) Khaled Abdulrahman AlMajed, (iii) Hussam Abdulrahman AlMajed, (iv) Majed Abdulrahman AlMajed, (v) Nasser Abdulrahman AlMajed, and (vi) Abdulsalam Abdulrahman AlMajed, assigned, without consideration, part of their shares in the Company to Dar AlMajed Holding Company. Abdulsalam Abdulrahman AlMajed assigned, without consideration, part of his shares in the Company to AlMajd AlAwla Real Estate Company, and Al Faisaliah Commercial Investment Company assigned, without consideration, all its shares in the Company to Rufaid Modern Investment Company. For further details, please refer to Section 4.5 (“Overview of the Ownership Structure of the Company and Evolution Thereof”). On 22/08/1444H (corresponding to 13/04/2023G), the Company converted from a limited liability company to a closed joint-stock company with a capital of three hundred million Saudi Riyals (SAR 300,000,000) divided into thirty million (30,000,000) Ordinary Shares of equal value, each of which is at ten Saudi Riyals (SAR 10) and was registered in the commercial register as a closed joint-stock company. On 26/11/1445H (corresponding to 03/06/2024G), the Extraordinary General Assembly resolved to reduce the nominal value of each Share from ten Saudi Riyals (SAR 10) to one Saudi Riyal (SAR 1) per Share. The Company's issued capital is now three hundred million Saudi Riyals (SAR 300,000,000) divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Riyal (SAR 1) per share. For further details about the Company's history, please refer to Section 4.5 (“Overview of the Ownership Structure of the Company and Evolution Thereof”).



Company's Activities

Pursuant to its Bylaws, the Company's activities are as follows:

1. Construction of buildings;
2. Real estate activities with own or leased property; and
3. Real estate activities on a fee or contract basis.

Pursuant to its main commercial register, the Company's activities are as follows:

1. General construction of residential buildings;
2. General construction of non-residential buildings;
3. Construction of prefabricated buildings on-site;
4. Restoration of residential and non-residential buildings;
5. Buying and selling land and real estate, dividing them and off-plan sales activities;
6. Management and leasing of real estate with own or leased property (residential);
7. Management and leasing of real estate with own or leased property (non-residential); and
8. Real Estate Brokerage.

The Company's current activity is represented in real estate activities.

The necessary licenses have been obtained to carry out the Company's activities, except as disclosed in Risk Factor No. 2.113 ("Risks Related to Permits, Licenses, and Approvals Necessary for Company's Business Operations") of this Prospectus.

Substantial Shareholders, Number of Shares, and Ownership Percentages held thereby Pre- and Post-Offering

The following table sets out the names as well as pre-Offering and post-Offering ownership percentages of Substantial Shareholders (i.e. any Shareholder owning 5% or more of the Company's Shares).

Table 12: Direct Substantial Shareholders and Ownership Percentages held thereby Pre- and Post-Offering

Shareholder Name	Pre-Offering			Post-Offering		
	No. of Shares	Par Value (SAR)	Direct Ownership	No. of Shares	Par Value (SAR)	Direct Ownership
Dar AlMajed Holding Company	173,250,000	173,250,000	57.75%	121,275,000	121,275,000	40.43%
AWJ Real Estate Development and Investment Company	22,500,000	22,500,000	7.5%	15,750,000	15,750,000	5.25%
Rufaid Modern Investment Company	22,500,000	22,500,000	7.5%	15,750,000	15,750,000	5.25%
Total	218,250,000	218,250,000	72.75%	152,775,000	152,775,000	50.93%

Table 13: Indirect Substantial Shareholders and Ownership Percentages held thereby Pre- and Post-Offering							
Substantial Shareholders, Number of Shares, and Ownership Percentages held thereby Pre- and Post-Offering	Shareholder Name	Pre-Offering			Post-Offering		
		No. of Indirect Shares	Par Value (SAR)	Indirect Ownership	No. of Indirect Shares	Par Value (SAR)	Indirect Ownership
	Khaled Abdulrahman AlMajed	31,807,875	31,807,875	10.60% ⁽⁵⁾	22,265,512	22,265,512	7.42%
	Mohammed Abdulrahman AlMajed	31,807,875	31,807,875	10.60% ⁽⁶⁾	22,265,513	22,265,513	7.42%
	Nasser Abdulrahman AlMajed	31,065,375	31,065,375	10.36% ⁽⁷⁾	21,745,763	21,745,763	7.25%
	Abdulsalam Abdulrahman AlMajed	31,065,375	31,065,375	10.36% ⁽⁸⁾	21,745,763	21,745,763	7.25%
	Hussam Abdulrahman AlMajed	31,065,375	31,065,375	10.36% ⁽⁹⁾	21,745,763	21,745,763	7.25%
	Majed Abdulrahman AlMajed	31,065,375	31,065,375	10.36% ⁽¹⁰⁾	21,745,762	21,745,762	7.25%
Total		187,877,250	187,877,250	62.63%	131,514,076	131,514,076	43.84%
Company's Capital (as at the date of this Prospectus)	Three hundred million Saudi Riyals (SAR 300,000,000), divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Riyal (SAR 1) per share.						
Total Number of Issued Shares (as at the date of this Prospectus)	Three hundred million (300,000,000) Ordinary Shares.						
Offering	Offering of ninety million (90,000,000) Ordinary Shares, representing 30% of the Company's capital, at an Offer Price of [•] Saudi Riyals per Share, with a fully paid nominal value of one Saudi Riyal (SAR 1) per Share.						
Total Number of Offer Shares	Ninety million (90,000,000) fully paid-up Ordinary Shares.						
Nominal value per Share	One Saudi Riyal (SAR 1), paid in full.						
Percentage of Offer Shares to the Company's capital	The Offer Shares represent 30% of the Company's total Shares.						
Offer Price	[•] Saudi Riyals per Share.						
Total value of Offer Shares	[•] Saudi Riyals.						
Use of Proceeds	The Net Proceeds from the Offering amounting to approximately SAR [•] (after deducting the Offering expenses estimated at SAR 40,000,000) will be distributed to the Selling Shareholders based on each Selling Shareholder's percentage ownership in the Offer Shares. The Company will not receive any part of the Net Offering Proceeds (for further details, please refer to Section 8 ("Use of Proceeds") of this Prospectus).						

⁵ Mr. Khaled bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.60% pre-Offering, as a result of an ownership percentage of 16.67% and 19.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

⁶ Mr. Mohammed Abdulrahman AlMajed has an indirect ownership percentage of 10.60% pre-Offering, as a result of an ownership percentage of 16.67% and 19.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

⁷ Mr. Nasser bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

⁸ Mr. Abdulsalam bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

⁹ Mr. Hussam Abdulrahman AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

¹⁰ Mr. Majed bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

Number of Shares Underwritten	Ninety million (90,000,000) Ordinary Shares.
Total Underwritten Offering Amount	[.] Saudi Riyals.
Categories of Targeted Investors	Subscription to the Offer Shares shall be restricted to the two following groups of investors: Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions (for further details, please refer to Section 1 ("Definitions and Abbreviations")). The number of Offer Shares to be initially allocated to Participating Parties is ninety million (90,000,000) Shares, representing one hundred percent (100%) of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers, the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of seventy-two million (72,000,000) Shares, representing eighty percent (80%) of the total Offer Shares. The Financial Advisor, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties using the discretionary share allocation mechanism. Tranche (B): Individual Subscribers: This tranche includes Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi husband who is entitled to subscribe in her name and in the names of her minor children for her benefit, provided that she submits proof that she is a divorcee or widow and that she is the mother of her minor children; and any non-Saudi Arabian natural person who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council or resident therein, in each case who has an investment account and an active portfolio with one of the Receiving Agents or has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of eighteen million (18,000,000) Shares, representing twenty percent (20%), shall be allocated to Individual Subscribers. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby. The Financial Advisor, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Individual Subscribers.
Total Offer Shares Available for each Targeted Investor Category	
Number of Shares offered to Participating Parties	Ninety million (90,000,000) Ordinary Shares, representing one hundred percent (100%) of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers and Participating Parties subscribe in full to the Offer Shares allocated thereto, the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of seventy-two million (72,000,000) Shares, representing eighty percent (80%) of the total Offer Shares. Initially, twenty-seven million (27,000,000) Ordinary Shares (representing thirty percent (30%) of the total Offer Shares) will be allocated to public funds, noting that in the event there is sufficient demand by public funds, the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to public funds to a minimum of twenty-one million six hundred thousand (21,600,000) Ordinary Shares representing twenty-four percent (24%) of the total Offer Shares, after completion of the Individual Subscribers Subscription.
Number of Shares offered to Individual Subscribers	Eighteen million (18,000,000) Shares, representing twenty percent (20%) of the total Offer Shares.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties Registered in KSA	Participating Parties are entitled to submit a Subscription Application Form or a Book-Building Subscription Application Form during the Book-Building Period, through the Bid Participation Forms that the Bookrunner will provide during the Book-building Process. Following the initial allocation, Participating Parties must fill out the Subscription Application Forms provided by the Bookrunner in accordance with the instructions set forth in Section 17 ("Subscription Terms and Conditions").
Subscription Method for Individual Subscribers	Individual Subscribers wishing to subscribe to the Offer Shares must submit their subscription requests electronically through the websites and platforms of the Receiving Agents that provide this service to Subscribers, or through any other means provided by the Receiving Agents through which the Individual Subscribers will be able to subscribe to the Company's Shares during the Offering Period; provided that: (a) the Individual Subscriber has an investment account and an active portfolio with a Receiving Agent providing these services, (b) there have been no changes in the information or data of the Individual Subscriber (by way of exclusion or addition of any member of his family) since such person's subscription to the last Initial Public Offering, and (c) non-Saudi Individual Subscribers or nationals of countries in the GCC must have an active portfolio with one of the Receiving Agents through which subscription is to be made. (For further details please refer to Section 17 ("Subscription Terms and Conditions") of this Prospectus.
Minimum Number of Shares to be Applied for by each Category of Targeted Investors	
Minimum Number of Shares to be Applied for by Participating Parties	Two hundred and fifty thousand (250,000) Shares.

Minimum Number of Shares to be Applied for by Individual Subscribers	Ten (10) Shares.
Minimum Subscription Amount by each Category of Targeted Investors	
Minimum Subscription Amount for Participating Parties	[•] Saudi Riyals.
Minimum Subscription Amount for Individual Subscribers	[•] Saudi Riyals.
Maximum Number of Shares to be Applied for by each Category of Targeted Investors	
Maximum Number of Shares to be Applied for by Participating Parties	Fourteen million nine hundred and ninety-nine thousand nine hundred and ninety-nine (14,999,999) Shares.
Maximum Number of Shares to be Applied for by Individual Subscribers	Two million five hundred thousand (2,500,000) Shares.
Maximum Subscription Amount by each Category of Targeted Investors	
Maximum Subscription Amount for Participating Parties	[•] Saudi Riyals.
Maximum Subscription Amount for Individual Subscribers	[•] Saudi Riyals.
Allocation and Refund Method for each Category of Targeted Investors	
Allocation of Offer Shares to Participating Parties	The number of Offer Shares to be initially allocated to Participating Entities is ninety million (90,000,000) Ordinary Shares, representing one hundred percent (100%) of the total Offer Shares. Final allocation of the Offer Shares to the Participating Entities will be made following subscription by Individual Subscribers. In the event there is sufficient demand by Individual Subscribers, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of seventy-two million (72,000,000) Ordinary Shares, representing eighty percent (80%) of the total Offer Shares. The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties using the discretionary share allocation mechanism. Therefore, no Offer Shares may be allocated to some Participating Parties. Initially, twenty-seven million (27,000,000) Ordinary Shares (representing thirty percent (30%) of the total Offer Shares) will be allocated to public funds, noting that in the event there is sufficient demand by public funds, the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to public funds to a minimum of twenty-one million six hundred thousand (21,600,000) Ordinary Shares, representing twenty-four percent (24%) of the total Offer Shares, after completion of the Individual Subscribers Subscription.
Allocation of Offer Shares to Individual Subscribers	The allocation of the Offer Shares for Individual Subscribers is projected to be completed no later than Wednesday 26/02/1447H (corresponding to 20/08/2025G), with the minimum allocation per Individual Subscriber amounting to ten (10) Shares, and the maximum allocation per Individual Subscriber amounting to two million five hundred thousand (2,500,000) Shares. The remaining Offer Shares, if any, shall be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Subscriber to the total number of subscribed for Shares. In the event that the number of Individual Subscribers exceeds one million eight hundred thousand (1,800,000), the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Financial Advisor, in coordination with the Company.

Refund of Excess Subscription Monies	Surplus subscription amounts (if any) will be refunded to Individual Subscribers without any charge or withholding by the Receiving Agents, as stated in the Subscription Application Form. Announcement of the final allotment and refund of subscription monies will be made at the latest by Thursday 27/02/1447H (corresponding to 21/08/2025G) (for further details, please refer to "Key Dates and Subscription Procedures" on page (xviii)).
Offering Period	The Offering will commence on Thursday 20/02/1447H (corresponding to 14/08/2025G) and will remain open for a period of Three (3) days up to and including Monday 24/02/1447H (corresponding to 18/08/2025G) (for further details, please refer to "Key Dates and Subscription Procedures" on page (xviii)).
Distribution of Dividends	The Offer Shares will entitle their holders to receive any dividends declared and paid by the Company from the date of this Prospectus and for subsequent financial years (for further details, please refer to Section 7 ("Dividend Distribution Policy")).
Voting Rights	All the Company's shares are ordinary shares of a single class which do not carry any preferential voting rights. Each Shareholder shall have one vote for every Share in General Assemblies. Shareholders may delegate another person, who is not a member of the Company's Board of Directors, to attend General Assembly meetings and vote on their behalf. (For further details, please refer to Section 12.14.1 ("Voting Rights")).
Share Restrictions (Lock-Up Period)	The Substantial Shareholders, shown on page (xiii) will be subject to a Lock-up Period of six (6) months starting from the commencement of trading of the Shares on the Saudi Stock Exchange, during which the Substantial Shareholders shall be prohibited from disposing of their Shares. Following the Lock-up Period, the Substantial Shareholders will be free to dispose of their Shares without CMA prior approval. In addition, the Company is prohibited from listing shares of the same class as the Offer Shares for a period of six (6) months starting from the start of trading of the Offer Shares on the Exchange. It is worth noting that, under AlRajhi Bank Facilities Agreement (as defined below), the Company and any member of the Group shall not, without the prior written consent of AlRajhi Bank, issue any new shares or change the rights associated with their shares. In addition, the written approval of AlRajhi Bank shall be obtained for any change in the Company's capital, and the Bank shall be notified of any changes in the ownership of the issued capital (Clause 3). On 06/06/2024G, the Company obtained AlRajhi Bank's consent approving the Offering. (For further information, please refer to Section 12.9 ("Credit Facilities and Contracts") of this Prospectus. Under Banque Saudi Fransi Facilities (as defined below), the Company shall not make any change to its capital structure by issuing, creating or guaranteeing debt or issuing (i) preferred shares or securities convertible into or exchangeable for debt or preferred shares; or (ii) any equity rights to parties other than the companies. On 29/09/2024G, the Company obtained the approval on the Offering of Banque Saudi Fransi. (For further information, please refer to Section 12.9 ("Credit Facilities and Contracts") of this Prospectus. Under Riyad Bank Agreement (as defined below), the Company shall not make any change in the legal form of the Company or the partners unless it notifies Riyad Bank of such change. On 13/10/2024G, the Company obtained the written approval of Riyad Bank to approve the Offering. (For further information, please refer to Section 12.9 ("Credit Facilities and Contracts") of this Prospectus.
Listing and Trading of Shares	Prior to the Offering, the Company's Shares have not been previously listed in KSA or elsewhere. An application has been made by the Company to the CMA for the registration and offering of the Shares in accordance with the OSCOs, and the Company has made an application to the Exchange to list its Shares in accordance with the Listing Rules. All relevant regulatory and corporate approvals required from the CMA and the Exchange to conduct the Offering have been granted, including approvals pertaining to the Offering and all supporting documents have been submitted to the CMA. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Shares. (For further details, please refer to page (xviii) ("Key Dates and Subscription Procedures")).
Risk Factors	There are certain risks related to investing in the Offering. Such risks can be classified as follows: (a) risks related to the Company and its operations; (b) risks related to the market, industry and regulatory environment, and (c) risks related to the Offer Shares. These risks are described in Section 2 ("Risk Factors") and the "Important Notice" on page (i) hereof, and should be considered carefully prior to making a decision to invest in the Offer Shares.
Offering Expenses	The Selling Shareholders shall be responsible for all expenses and costs associated with the Offering, which are estimated at around SAR 40,000,000. Such costs shall be deducted from the Offering proceeds, and include the fees of the Financial Advisor, Lead Manager, Bookrunner, Underwriter, Legal Advisor, the Financial Due Diligence and Market Study Consultant, in addition to the fees of the Receiving Agents, government fees, marketing, printing and distribution expenses, as well as other expenses related to the Offering.
Financial Advisor, Lead Manager, Bookrunner, and Underwriter	Saudi Fransi Capital King Fahd Road Olaya, 8092 P.O. Box 23454, Riyadh 11426 Kingdom of Saudi Arabia Tel: +966 11 2826666 Fax: +966 11 2826833 Website: www.bsfcapital.sa E-mail: Almajdiah.IPO@bsfcapital.com.sa

Note:

Page (i) (**"Important Notice"**) and Section 2 (**"Risk Factors"**) of this Prospectus must be carefully studied before making any decision regarding investing in the Offer Shares under this Prospectus.

Key Dates and Subscription Procedures

Table 1.4: Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period for Participating Parties and Book-Building Process	Five (5) days Starting from Tuesday 04/02/1447H (corresponding to 29/07/2025G) and closing on Monday 10/02/1447H (corresponding to 04/08/2025G).
Submission Period for Individual Subscribers	Starting from Thursday 20/02/1447H (corresponding to 14/08/2025G) and closing on 24/02/1447H (corresponding to 18/08/2025).
Deadline for submission of Subscription Application Forms by Participating Parties based on the initial allocation of Offer Shares	Sunday 16/02/1447H (corresponding to 10/08/2025G).
Deadline for submission of Subscription Application Forms and payment of the subscription monies by Individual Subscribers	Monday 24/02/1447H (corresponding to 18/08/2025G).
Deadline for payment of subscription money by Participating Parties based on their initially allocated Offer Shares	Thursday 20/02/1447H (corresponding to 14/08/2025G).
Announcement of final Offer Shares allotment	Wednesday 26/02/1447H (corresponding to 20/08/2025G).
Refund of excess subscription monies (if any)	Thursday 27/02/1447H (corresponding to 21/08/2025G).
Expected trading commencement date for the Shares on the Exchange	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced on the Saudi Exchange website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated on the Saudi Exchange website (www.saudiexchange.sa), the Company's website (www.almajdiah.com) and the website of the Financial Advisor and Lead Manager (www.bsfcapital.sa).

How to Apply for Offer Shares

The Offering shall be restricted to the following two groups of investors:

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the Book-Building process in accordance with the Book-Building Instructions (for further details, please refer to Section 1 (“Definitions and Abbreviations”) and Section 17 (“Subscription Terms and Conditions”) of this Prospectus).

Tranche (B): Individual Subscribers: This tranche includes Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi husband who is entitled to subscribe for her name or in the names of her minor children for her own benefit, provided that she submits proof that she is a divorcee or widow and that she is the mother of her minor children, any non-Saudi Arabian natural person who is resident in the Kingdom and any national of countries of the Gulf Cooperation Council (GCC) or resident therein, in each case who has an investment account and an active portfolio with a Receiving Agent or has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

Set out below is an overview of how the Participating Parties and Individual Subscribers can subscribe to the Offer Shares:

Participating Parties:

Participating Parties can obtain the Bid Participation Forms from the Bookrunner during the Book-Building Period and obtain the Subscription Application Forms from the Bookrunner following the initial allocation. The Bookrunner shall, after the approval of CMA, offer the Offer Shares to Participating Parties only during the Book-Building Period. Subscriptions by Participating Parties shall commence during the Offering Period, which shall also include the Individual Subscribers, according to the terms and conditions detailed in the Subscription Application Forms. A signed and stamped Subscription Application Form shall be submitted to the Bookrunner, with such Subscription Application Form representing a binding agreement between the Selling Shareholders and the applicant Participating Party.

Individual Subscribers:

Individual Subscribers wishing to subscribe to the Offer Shares must submit their subscription requests electronically through the websites and platforms of the Receiving Agents that provide this service to subscribers, or through any other means provided by the Receiving Agents through which the Individual Subscribers will be able to subscribe to the Company’s Shares during the Offering Period; provided that the following requirements are satisfied:

- i. The Individual Subscriber has an investment account and an active portfolio with a Receiving Agent providing these services;
- ii. There have been no changes in the personal information or data of the Individual Subscriber (by way of exclusion or addition of any member of his family) since such person last participated in the last Initial Public Offering; and
- iii. Individual Subscribers who are not Saudi nationals or GCC nationals must have an active portfolio at one of the Receiving Agents through which the subscription is desired.

Each Individual Subscriber is required to fill out the Subscription Application Forms according to the instructions described in Section 17 (“Subscription Terms and Conditions”). Each applicant must complete all the relevant Sections in the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions are not met. The Subscription Application Form cannot be amended or withdrawn once submitted. Furthermore, the Subscription Application Form shall, upon submission, be considered to be a legally binding agreement between the relevant Subscriber and the Selling Shareholders.

Excess subscription monies, if any, will be refunded to the primary Individual Subscriber’s investment account held with the Receiving Agent from which the subscription value has been debited in the first place, without withholding any charge or commission by the Lead Manager or Receiving Agent. Excess subscription monies shall not be refunded in cash or to third-party accounts.

For further details pertaining to subscription by Individual Subscribers or Participating Parties, please refer to Section 17 (“Subscription Terms and Conditions”).

Summary of Key Information

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**"), respectively, prior to making any investment decision in relation to the Offer Shares.

Overview of Dar Almajed Real Estate Company

1.1 Overview of the Company and its Business Activities

Dar AlMajed Real Estate Company (hereinafter referred to as the "**Company**", the "**Issuer**", "**AlMajdiah Company**", or "**AlMajdiah**") is a Saudi closed joint-stock company registered under Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G). The Company was established pursuant to Ministerial Resolution No. 284 dated 23/06/1444H (corresponding to 13/04/2023G). According to its commercial register, the Company's head office is located in Riyadh at the following address: 6863 Riyadh 13531-23463, P.O. Box 3463. The current share capital of the Company is three hundred million Saudi Riyals (SAR 300,000,000), divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Riyal (SAR 1) per share (the "**Share(s)**").

Sheikh Abdulrahman bin Nasser AlMajed began his investment and real estate development activities in 1969G. This marked the beginning of the family's journey in the real estate sector with the establishment of Mohammed and Khaled AlMajed Real Estate Company operating in the real estate development and investment sector, and registered under Commercial Registration No. 1010159804 dated 25/03/1421H (corresponding to 27/06/2000G). Driven by an ambitious vision for growth and expansion, this entity became the foundation for launching multiple affiliated family companies. Hussam and Majed AlMajed Real Estate Company was established with Commercial Registration No. 1010425491 dated 01/12/1435H (corresponding to 25/09/2014G). Additionally, Nasser and Abdulsalam Abdulrahman AlMajed Real Estate Company was established as a limited liability company, becoming one of the family's entities specializing in real estate development, with Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G). The companies achieved significant success, and with ongoing success, in 2020G, the family decided to consolidate their efforts by starting to restructure the Group through the acquisition of subsidiaries to operate under "Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company", changing the Company's name to "Dar AlMajed Real Estate Company", inspired by the values and principles that had proven successful in previous stages.

The Company commenced its specialized real estate development and investment activities as a limited liability company under the name "Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company" with a capital of one hundred thousand Saudi Riyals (SAR 100,000) and under Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G). On 07/04/1442H (corresponding to 22/11/2020G), the Company increased its share capital from one hundred thousand Saudi Riyals (SAR 100,000) to three hundred million Saudi Riyals (SAR 300,000,000) by capitalizing the amounts owed to the Shareholders.

In continuation of the Group's restructuring process, and after the acquisition of the subsidiaries and the increase of the Company's capital, on 21/09/1443H (corresponding to 22/04/2022G), Shareholders, Abdulsalam bin Abdulrahman AlMajed and Nasser bin Abdulrahman AlMajed, transferred part of their shares to new Shareholders, resulting in the following ownership percentages: (i) Mohammed Abdulrahman AlMajed with 19.5%; (ii) Khaled Abdulrahman AlMajed with 19.5%; (iii) Hussam Abdulrahman AlMajed with 14.625%; (iv) Majed Abdulrahman AlMajed with 14.625%; (v) Abdulsalam Abdulrahman AlMajed with 14.625%; (vi) Nasser Abdulrahman Nasser AlMajed with 14.625%; (vii) Abdullah Abdulrahman Nasser AlMajed with 1.5%; and (viii) Nader Hassan Attallah AlAmri with 1.0%.

On 26/09/1443H (corresponding to 27/04/2022G), the following Shareholders: (i) Mohammed Abdulrahman AlMajed, (ii) Khaled Abdulrahman AlMajed, (iii) Hussam Abdulrahman AlMajed, (iv) Majed Abdulrahman AlMajed, (v) Abdulsalam Abdulrahman AlMajed, and (vi) Nasser Abdulrahman Nasser AlMajed, sold, for cash consideration, part of their shares, representing fifteen percent (15%) of the Company's capital, to Al Faisaliah Commercial Investment Company (7.5%) and AWJ Real Estate Development and Investment Company (7.5%).

On 15/11/1443H (corresponding to 14/06/2022G), the following Shareholders: (i) Mohammed Abdulrahman AlMajed, (ii) Khaled Abdulrahman AlMajed, (iii) Hussam Abdulrahman AlMajed, (iv) Majed Abdulrahman AlMajed, (v) Nasser Abdulrahman AlMajed, and (vi) Abdulsalam Abdulrahman AlMajed, assigned, without consideration, part of their shares in the Company to Dar AlMajed Holding Company. Abdulsalam Abdulrahman AlMajed assigned, without consideration, part of his shares in the Company to AlMajd AlAwla Real Estate Company, and Al Faisaliah Commercial Investment Company assigned, without consideration, all its shares in the Company to Rufaid Modern Investment Company. For further details, please refer to Section 4.5 ("**Overview of the Ownership Structure of the Company and Evolution Thereof**").

On 22/08/1444H (corresponding to 13/04/2023G), the Company converted from a limited liability company to a closed joint-stock company with a capital of three hundred million Saudi Riyals (SAR 300,000,000) divided into thirty million (30,000,000) Ordinary Shares of an equal value of ten Saudi Riyals (SAR 10), and was registered in the commercial register as a closed joint-stock company.

On 26/11/1445H (corresponding to 03/06/2024G), the Extraordinary General Assembly resolved to reduce the nominal value of each Share from ten Saudi Riyals (SAR 10) to one Saudi Riyal (SAR 1) per Share. The Company's issued capital is now three hundred million Saudi Riyals (SAR 300,000,000) divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Riyal (SAR 1) per share.

For further details about the Company's history, please refer to Section 4.6 ("Key Developments of the Company since Establishment") of this Prospectus.

The Company is a leading developer in the field of residential complexes. The founding shareholders have a distinguished history spanning over fifty (50) years in the real estate activity, specializing in the construction of residential and commercial units, in addition to real estate planning and investment. As at 31 December 2023G, the Company has developed over 2 million square meters, encompassing 150 completed projects housing over 50,000 residents in more than 15,000 units.

In recent years, the Company has mainly operated in Riyadh, but started to expand its activities into other Saudi cities. The Company's portfolio features high-quality residential projects noted for their modern design, high-quality finishes, and comprehensive amenities.

AlMajdiah maintains strong relationships with real estate investors, banks, and investment funds, enhancing its financing capabilities for projects. Through its extensive network, the Company efficiently secures land, working independently or through partnerships with landowners, for the purpose of real estate investment.

The Company operates under Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G).

Pursuant to its Bylaws, the Company's activities are as follows:

- a. Construction of buildings;
- b. Real estate activities with own or leased property; and
- c. Real estate activities on a fee or contract basis.

Pursuant to its main commercial register, the Company's activities are as follows:

- a. General construction of residential buildings;
- b. General construction of non-residential buildings;
- c. Construction of prefabricated buildings on-site;
- d. Restoration of residential and non-residential buildings;
- e. Buying and selling land and real estate, dividing them and off-plan sales activities;
- f. Management and leasing of real estate with own or leased property (residential);
- g. Management and leasing of real estate with own or leased property (non-residential); and
- h. Real Estate Brokerage.

The Company's current activity is represented in real estate activities.

1.2 Company's Vision

To lead the real estate development sector and become the premier developer of residential complexes in the Kingdom. AlMajdiah aims to provide facilities and create more opportunities for Saudi citizens to enhance their lifestyles and enable them to own property.

1.3 Company's Mission

Fulfilling the needs and expectations of the real estate market by creating modern residential and commercial buildings with the highest standards of quality, smart systems, and advanced protection solutions. The Company seeks to be an active part of the national economic prosperity and contribute effectively to aligning the Kingdom with global lifestyle trends.

1.4 Company's Strategy

The Company's strategy is to grow in a sustainable manner through maintaining a leadership position nationally in high-quality real estate development projects, expanding the scale of available projects, delivering the best value to customers, diversifying and innovating new products, offering multiple land acquisition options, and maintaining consistent building standards and post-handover sustainability across all developments.

1.5 Competitive Advantages and Strengths of the Company

- Project execution capability;
- A leading real estate development company in a growing market based on solid macroeconomic foundations;
- Presence in high-demand strategic locations;
- Flexible development approach;
- Ease of securing financing;
- Quality of real estate developments projects;
- Highly reputed brand with a demonstrated track record of project delivery; and
- Strong financial performance and position.

1.6 Key Developments of the Company since Establishment

Table 1.5: Key Developments of the Company since Establishment

Year	Event / development
1969G	- Sheikh Abdulrahman bin Nasser AlMajed began his investment and real estate development activities
1999G	- Family members, Mohammed and Khaled Sons of Sheikh Abdulrahman bin Nasser AlMajed, commenced land sales and various building activities, including several villas outside Riyadh; in Mecca, Al Madinah and Khobar
2014G	- Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company was established as a limited liability company
2014G	- Delivery of AlMajdiah 20 as the first flagship residential product
2016G	- Major uplift to the design of AlMajdiah projects
2017G	- Standardizing specifications, and aligning pricing and marketing across all entities
2018G	- Further review of all designed and construction codes and specifications
2020G	- Changing the name of Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company to Dar AlMajed Real Estate Company and acquiring all subsidiary companies
2021G	- Achieving sales of more than 1,000 units in a year
2021G	- Entering into partnership with Jadwa to establish real estate funds
2022G	- AlFaisaliah and AWJ acquire 15% shareholding in AlMajdiah Company
2022G	- AlMajdiah enters into partnership with Blominvest Saudi Arabia and Musharakah Financial Company to launch real estate funds
2022G	- Completion of the AlMajdiah Village project, first integrated community project
2022G	- Conversion of the Company to a closed joint stock company
2023G	- Establishment of new board and board sub-committees as part of AlMajdiah's implementation of corporate governance
2023G	- Commenced construction of the first commercial project "Mjaz"
2023G	- Agreement signed with Al Madinah municipality to develop 466,502 sqm of land
2024G	- Agreement signed with National Housing Company to develop 2 projects comprising 551 units in Riyadh
2024G	- AlMajdiah commences construction of high-rise towers for the first time (Majdiah 161 and AlMajdiah 162)
2024G	- The Company enters, as a real estate developer and owner of 10% of the units, in a closed private real estate investment fund to develop real estate projects with a subsidiary of a semi-governmental entity and an investment company. The fund size is SAR 1.5 billion.

Market Overview

The market study, conducted by Colliers, presents an analysis of the Saudi real estate market, focusing on major cities including Riyadh, Jeddah, Dammam Metropolitan Area (Dammam, Al Khobar, and Dharan), and Madinah. The study delves into the Residential, Retail, and Office sectors within Riyadh's dynamic real estate landscape, and extends to analyzing the Residential sector in Jeddah, Madinah, and the Dammam Metropolitan Area. It provides an overview of economic performance, population trends, household dynamics, and market performance. Additionally, Colliers conducted a specific assessment of AlMajdiah and benchmarking in Riyadh, focusing on competitors similar to AlMajdiah, particularly those developing freehold residential apartments.

Colliers is a global leader in real estate services and investment management, offering a comprehensive range of services including brokerage, property management, valuation, and consulting to clients worldwide.

• KSA Economic Overview

Saudi Arabia stands as the largest economy in the Gulf Cooperation Council, with a projected nominal GDP of SAR 4,261 billion for 2024G, increasing from an estimate of SAR 4,136 billion in 2023G. The nation's economic vitality is reflected in an 8.7% real GDP growth in 2022G, driven by robust activity in both the oil and non-oil sectors. For 2023G, the year-on-year real GDP growth rate normalized to 0.03% due to strategic oil production adjustments while the non-oil sector real GDP growth rate continued to flourish with a 5.4% increase. The economy is anticipated to expand by 4.4% in 2024G, propelled by sustained reforms and burgeoning non-oil sector contributions. The inflation rate was 2.5% in 2022G and is expected to marginally increase to 2.6% in 2023G, with a slight reduction to 2.2% projected for 2024G. The National Investment Strategy (NIS) is a cornerstone of Vision 2030, targeting an increase in investment's GDP share from 22% in 2019G to 30% by 2030G.

Saudi Arabia's fiscal strategy showcases stability with total revenue projected at SAR 1,193 billion for 2023G, adjusting slightly to SAR 1,172 billion for 2024G. Expenditures are expected to decrease from SAR 1,257 billion in 2023G to SAR 1,251 billion in 2024G, focusing on investments aimed at economic diversification and enhancing public welfare. Furthermore, Vision 2030 aims to attract 150 million tourists and introduced new categories in the 'privileged iqama' system to attract top talents, enhancing the business climate. Based on Saudi Census 2022G and the historical data from 2010G to 2022G, the population of KSA has grown at a CAGR of 2.5%. Moreover, Saudi Arabia's population is projected to grow from 32.18 million in 2022G to 39.14 million by 2030G, driven by both Saudi nationals and expatriates.

Summary of Financial Information

The selected financial information set out below should be read in conjunction with the audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia (IFRS-KSA) and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G which have been prepared in accordance with IAS 34 (Interim Financial Reporting) as endorsed in the Kingdom of Saudi Arabia, as well as the notes thereto, and other standards and pronouncements endorsed by the SOCPA. These audited financial statements and the notes thereto are included in this Prospectus.

The financial information for the financial year ended 31 December 2021G, prepared and audited by Turki Abdulmohsen Alluhaid & Saleh Abdullah Al Yahya Chartered Accountants and Auditors, was extracted from the Group's Financial Information presented in the audited consolidated financial statements for the financial year ended 31 December 2022G, which were audited by Ernst & Young Professional Services, in addition to Management Information. The financial information for the two financial years ended 31 December 2022G and 2023G were extracted from the Group's Financial Information presented in the audited consolidated financial statements for the financial year ended 31 December 2023G, which were audited by Ernst & Young Professional Services, in addition to Management Information. The financial information for the Nine-Month Periods ended 30 September 2023G and 2024G were extracted from the Group's Financial Information presented in the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G, which were reviewed by Ernst & Young Professional Services, in addition to Management Information.

The following tables set out the Group's summary statement of comprehensive income, summary statement of financial position, summary statement of cash flows and selected key performance indicators for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and the Nine-Month Period Ended 30 September 2024G.

The table below summarizes the consolidated statement of comprehensive income for the financial years ended 31 December 2021G, 2022G, 2023G and the Nine-Month Periods ended 30 September 2023G and 2024G.

Table 1.6: Consolidated Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 2022G, 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G	Variance 30 September 2023G-2024G
Revenue*	1,137,942	1,028,192	1,040,104	691,123	1,006,548	(9.6%)	1.2%	(4.4%)	45.6%
Operating costs	(798,361)	(805,168)	(762,396)	(488,766)	(753,382)	0.9%	(5.3%)	(2.3%)	54.1%
Gross Profit	339,582	223,024	277,708	202,356	253,166	(34.3%)	24.5%	(9.6%)	25.1%
General and Administrative Expenses	(30,213)	(50,441)	(92,514)	(46,183)	(51,180)	67.0%	83.4%	75.0%	10.8%
Sales and Marketing Expenses	(7,725)	(13,179)	(12,451)	(5,326)	(5,501)	70.6%	(5.5%)	27.0%	3.3%
Operating Profit	301,644	159,403	172,743	150,847	196,484	(47.2%)	8.4%	(24.3%)	30.3%
Year/Period Profit	297,185	142,395	166,968	130,430	223,285	(52.1%)	17.3%	(25.0%)	71.2%
Total Comprehensive Income for the Year	295,285	151,563	169,576	132,073	229,989	(48.7%)	11.9%	(24.2%)	74.1%
Key Performance Indicators									
As a % of Revenue									
Gross Profit	29.8%	21.7%	26.7%	29.3%	25.2%	(8.2)	5.0	(3.1)	(4.1)
Operating Profit	26.5%	15.5%	16.6%	21.8%	19.5%	(11.0)	1.1	(9.9)	(2.3)
Year/ Period Net Profit	26.1%	13.8%	16.1%	18.9%	22.2%	(12.3)	2.2	(10.1)	3.3

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G, 2023G and the Interim condensed consolidated Nine-Month Period Ended 30 September 2024G.

* Revenue include: (i) income from the sale of Completed Inventory Properties, (ii) income from real estate development, (iii) gains/losses from real estate investment revaluation, (iv) income from real estate commissions, (v) maintenance income, (vi) income from the sale of real estate inventory, (vii) income from land sales, and (viii) rental income.

Table 1.7: Summary of the Consolidated Statement of Financial Position as at 31 December 2021G, 2022G, 2023G and the Nine-Month Period Ended 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G
	2021G	2022G	2023G	
Total Non-current Assets	1,109,903	1,673,627	1,290,155	1,609,255
Total Current Assets	847,565	687,942	1,035,151	1,155,687
Total Assets	1,957,469	2,361,569	2,325,306	2,764,942
Total Equity	578,623	653,815	731,573	805,260
Total Non-current Liabilities	708,346	982,416	444,065	941,292
Total Current Liabilities	670,500	725,337	1,149,668	1,018,390
Total Liabilities	1,378,845	1,707,753	1,593,732	1,959,682
Key Performance Indicators				
Outstanding Inventory (available properties) (days)	124	147	231	249

SAR 000s	As at 31 December			As at 30 September 2024G
	2021G	2022G	2023G	
Return on Assets	15.2%	6.6%	7.1%	11.7%
Return on Equity	51.4%	23.1%	24.1%	38.7%
Debt to Equity	1.2	1.5	0.9	1.3
Current Ratio	1.3	0.9	0.9	1.1
Total Liabilities to Total Assets Ratio	0.7	0.7	0.7	0.7

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G, 2023G and the Interim consolidated Nine-Month Period Ended 30 September 2024G.

Table 1.8: Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 2022G, 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Financial year ended 31 December				
	2021G	2022G	2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
Profit for the Year Before Zakat	317,529	161,556	170,863	152,580	225,376
Net Cash Flows from/(used in) Operating Activities	450,219	(215,017)	418,808	240,758	(172,120)
Net Cash Flows from/(used in) Investing Activities	(327,577)	32,080	(38,129)	(2,833)	34,080
Net Cash Flows from/(used in) Financing Activities	118,342	130,031	(449,589)	(278,232)	240,410
Net Decrease in Cash and Cash Equivalents	240,984	(52,907)	(68,911)	(40,306)	102,369
Cash and Cash Equivalents at the Beginning of the Year/Period	49,148	290,132	237,226	237,226	168,315
Cash and Cash Equivalents at the End of the Year/Period	290,132	237,226	168,315	196,919	270,684

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G, 2023G and the Interim condensed consolidated Nine-Month Period Ended 30 September 2024G.

Summary of Risk Factors

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks stated below and which are described in detail in Section 2 (“Risk Factors”).

A. Risks Related to the Company’s Operations

- Risks Related to Revenue and Cost Recognition Policy
- Risks Related to Delays in the Company’s Project Development
- Risks Related to Development Contracts with Investment Funds
- Risks Related to Concentration of Group’s Revenue in Proceeds from the Sale of Completed Properties
- Risks Related to Sale of Completed Inventory Properties
- Risks Related to Company’s Use of Third-Party Contractors and Suppliers
- Risks Related to Company’s Joint Ventures
- Risks Related to the Company’s Material Contracts, Including the Conclusion of Development Agreements
- Risks Related to Post-Development Structural or Mechanical Defects
- Risks Related to the Group’s Ongoing Projects
- Risks Related to Relying on Contractors in Turnkey Contracts
- Risks Related to the Impact of Increased Operating Expenses and Revenue Costs on the Company’s Business
- Risks Related to Permits, Licenses, and Approvals Necessary for Company’s Business Operations
- Risks Related to Suspension or Interruption of Land Development
- Risks Related to Land Ownership Disputes
- Protecting Trademarks on which the Company Relies
- Risks Related to the Company’s Reputation
- Risks Related to Geographic Concentration
- Risks Related to Deficiencies or Errors in Project Design or Construction, or Failure to Complete Projects as per Design Specifications
- Risks Related to the Success of the Company’s Projects
- Risks Related to the Company’s Related-Party Transactions
- Related Party Transactions mainly involve shareholders, the Fund Director of the subsidiary company
- Risks Related to Some Members of the Board of Directors Engaging in Business that Competes with that of the Company
- Risks Related to the Company’s Reliance on its Senior Management and Key Personnel
- Risks Related to Employee Misconduct or Wrongdoing
- Risks Related to Financing Joint Ventures, Development Projects and Future Financing
- Risks Related to the Company’s Existing Financial Facilities
- Risks Related to Mortgages
- Risks Related to Liquidity
- Risks Related to Management’s Limited Experience in Managing a Company Listed on the Saudi Stock Exchange
- Risks Related to the Adequacy of Insurance Coverage
- Risks Related to the Company Entering into Legal Proceedings
- Risks Related to Changes in Interest Rates
- Risks Related to the Companies Law
- Risks Related to IT Network or Cloud System Failures
- Risks Related to the Discrepancy between the Book Value and Market Value of the Company’s Investment Properties
- Risks Related to the Reporting Environment
- Risks Related to Delays in Consolidating the Financial Information of Subsidiaries and Investment Funds

- Risks Related to the Real Estate Development Sector
- Risks Related to Outstanding Receivables
- Risks Related to the Company's Current Financial Facilities
- Risks Related to the Restatement of Financial Statements for the Previous Period
- Risks Related to the Accumulation of the Company's Real Estate Inventory
- Risks Related to the Company's Dependence on Key Suppliers

B. Risks Related to the Market, Industry and Regulatory Environment

- Risks Related to Real Estate Prices
- Risks Related to the Changing Demand for Residential Properties in the Kingdom of Saudi Arabia on the Company's Business
- Risks Related to the Illiquidity of Real Estate Investments
- The Impact of Political and Economic Risks on the Company's Operations
- Risks Related to Saudization, Foreign Labor and other Labor Law Requirements
- Risks Related to Changes in Laws and Government Policies in Saudi Arabia
- Risks Relating to Environmental, Health and Occupational Safety Matters
- Risks Associated with the Company's Zakat and VAT Status
- Risks Related to the Real Estate Transaction Tax
- Risks Related to Imposition of Additional Fees or New Taxes
- Risks related to White Land Fees
- The Impact of the Highly Competitive Industry in which the Company Operates
- Risks Relating to the Outbreak of Infectious Diseases
- Risks Related to Expropriation
- Risks Related to the Prices of Electricity, Water and other Services
- Risks Related to Changes in Relevant Laws and Regulations

C. Risks Related to the Offer Shares

- Risks Related to the Effective Control by Current Shareholders Post-Offering
- Risks Related to Liquidity and Absence of a Prior Market for the Shares
- Risks Related to Future Sale and Offering of Shares
- Risks Related to Fluctuations in the Market Price of the Shares
- Risks Relating to the Company's Ability to Distribute Dividends
- Risks Related to the Issuance of New Shares in the Market Post-Offering
- Risks Related to Market Stock Price Fluctuations
- Risks Related to the Failure to Publish Research or Publishing Research Unfavorable to the Company
- Risks Related to the Accumulation of the Company's Real Estate Inventory



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1. Definitions and Abbreviations

Term	Definition
Advisors	The Company's advisors in relation to the Offering, whose names appear on pages (vii) and (viii) of this Prospectus.
Audit Committee	The Company's Audit Committee.
Authorized Person	A person authorized by the CMA to carry out securities business.
Board Committees or Committees	The Audit Committee, the Nomination and Remuneration Committee and the Executive Committee.
Board of Directors or Board	The Company's Board of Directors.
Book-Building Period	The period during which Participating Parties may submit Participating Parties Subscription Application Forms, as specified in ("Key Dates and Subscription Procedures") on page (xviii).
Book-Building Subscription Application Form	Bid or subscription orders submitted electronically to the Bookrunner without the need to complete and sign a Participating Parties Subscription Form in accordance with the instructions set out in Section 17 ("Subscription Terms and Conditions").
Bookrunner	BSF Capital.
Business Day	Any business day for Receiving Agents in Saudi Arabia (with the exception of Fridays, Saturdays and official holidays).
Bylaws	The Bylaws of the Company as summarized in Section 12.13 ("Summary of the Bylaws").
Capital Market Institution	A person authorized by the CMA to carry out securities business.
Capital Market Law	The Capital Market Law issued by Royal Decree Number M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
CEO	The Company's Chief Executive Officer.
CFO	The Company's Chief Financial Officer.
Chairman	The Chairman of the Company's Board of Directors.
CMA	The Capital Market Authority in Saudi Arabia, including, as the text permits, any committee, subcommittee, employee or agent authorized to carry out CMA functions.
Companies Law	The Companies Law, issued under Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), and its implementing regulations and amendments.
Company, AlMajdiah or the Issuer	Dar AlMajed Real Estate Company.
Corporate Governance Regulations	The Corporate Governance Regulations in Saudi Arabia issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) as amended by Resolution No 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), as amended.
Council of Ministers	The Council of Ministers in the Kingdom of Saudi Arabia.
Current Shareholders	Company Shareholders whose names and shareholding percentages are shown in Table 5.1 ("Direct Ownership in the Company Pre and Post Offering").
Directors or Board Members	Members of the Company's Board of Directors appointed by the General Assembly whose names appear in Section 5 ("Organizational Structure and Corporate Governance").
Exchange, Saudi Exchange or Tadawul,	The Saudi Exchange (Tadawul).
Executive Committee	The Board of Directors' Executive Committee.
Extraordinary General Assembly	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
Financial Advisor	BSF Capital.

Term	Definition
Financial Institutions	Banks and financial services companies.
Financial Statements or Audited Financial Statements	Audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G prepared in accordance with IFRS-KSA.
Foreign Investors	- Non-GCC individuals residing outside the Kingdom and non-GCC institutions registered outside the Kingdom who have the right to invest indirectly to acquire an economic benefit in the Offer Shares by entering into Swap Agreements with Capital Market Institutions licensed by the CMA to purchase shares listed on the exchange. - Any foreign natural or legal person who is a client of a Capital Market Institution licensed by the CMA to carry out Management activities, provided that the Capital Market Institution is appointed in accordance with the conditions that enable it to make all investment decisions on behalf of its client without obtaining the client's prior approval.
Foreign Strategic Investor	A foreign legal person aiming to acquire a strategic interest in listed companies in accordance with the FSI Instructions.
FY2021G	The period commencing 01/01/2021G and ended 31/12/2021G.
FY2022G	The period commencing 01/01/2022G and ended 31/12/2022G.
FY2023G	The period commencing 01/01/2023G and ended 31/12/2023G.
G	Gregorian
GAC	The General Authority for Competition of Saudi Arabia, the Kingdom's regulator of the Competition Law and its implementing regulations in the Kingdom.
GCC	Gulf Cooperation Council, including Bahrain, Kuwait, Oman, Qatar, KSA and UAE.
GCC Corporate Investor	Any company whose majority capital is owned by citizens or governments of the GCC countries, as defined in the Supreme Council's resolution of the GCC issued in its fifteenth session and adopted by the Council of Ministers' resolution No. 16 dated 20/01/1418H. This also includes funds established in one of the GCC countries, whose units are offered in a public subscription to investors from those countries, where the majority of the capital of such funds is owned by citizens or governments of the GCC countries.
GDP	Quantitative measure of total economic activity in a country, representing the monetary value of all goods and services produced within the country's geographical borders over a specific period of time.
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly of the Company's Shareholders. "General Assembly" shall mean any Company general assembly.
GOSI	The Saudi General Organization for Social Insurance.
Government, Saudi Government	Government of Saudi Arabia, with "Governmental" being interpreted accordingly.
Group	Dar AlMajed Real Estate Company and its Subsidiaries.
H	Hijri
Head Office	The Company's Head Office is located at Habl Qamba Street, Al Qairawan District 6863, Riyadh, Saudi Arabia.
IFRS	The International Financial Reporting Standards issued by the International Accounting Standards Board as endorsed in the Kingdom of Saudi Arabia.
IFRS-KSA	IFRS, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, which include standards and technical releases relating to matters not covered by IFRS.
Individual Subscribers	Saudi natural persons, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi husband who is entitled to subscribe in her name and in the names of her minor children for her own benefit, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has an investment account and an active portfolio with one of the Receiving Agents or has the right to open an investment account with a Capital Market Institution.
Instructions on Book-Building and Allocation of Shares in Initial Public Offerings	The Instructions on Book-Building and Allocation of Shares in Initial Public Offerings issued by the Board of the CMA pursuant to its Board Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA Board Resolution No. 1-103-2022 dated 02/03/1444H (corresponding to 28/09/2022G), as amended.
Completed Inventory Properties	Completed but not yet sold properties.

Term	Definition
Inventory Properties	An asset held for sale within the Company's normal business, divided into two categories: Completed Inventory Properties and Inventory of Properties Under Development, including raw land acquired for development purposes.
Inventory Properties Under Development	Properties that are still under construction or development and have not yet reached the stage of readiness.
Investment Funds Regulations	The Investment Funds Regulations issued by the CMA Board pursuant to Resolution No. 1-219-2006 dated 03/12/1427H (corresponding to 24/12/2006G) as amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), as amended.
Investment in an Associate Company	Pertain to entities in which the Group holds a long-term investment ranging between 20% to 50% of the voting capital and exercises significant influence over them.
Investors	Participating Parties and Individual Subscribers.
ISO	International Organization of Standardization.
KSA, the Kingdom, Saudi Arabia or Saudi	The Kingdom of Saudi Arabia.
Lead Manager	BSF Capital.
Listing	Approving the Listing of all Shares on the Saudi Stock Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules of Tadawul issued by the board of the CMA pursuant to resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended pursuant to resolution number 1-108-2019 dated 23/03/1444H (corresponding to 19/10/2022G), as amended.
Lock-up Period	The six-month period during which the Substantial Shareholder listed on page "xiii" hereof may not dispose of any of their Shares for a period of six months starting from the commencement of trading of the Shares on the Exchange. Following the Lock-up Period, Substantial Shareholders are free to dispose of their Shares without Obtaining the CMA's prior approval. The Company is also prohibited from listing shares of the same class as the listed Shares for a period of six months from the date of the start of trading in the Shares.
Management	Executive Board members and Senior Executives of the Company.
Market Study	Market study prepared by the Market Study Consultant regarding the real estate sector in the Kingdom in 2024G.
Market Study Consultant	Professional Real Estate Company – Colliers.
MHRSD	The Ministry of Human Resources and Social Development in the Kingdom.
MoC	The Ministry of Commerce in the Kingdom.
MoMAH	The Ministry of Municipalities and Housing in the Kingdom.
National Transformation Program	Program developed to help achieve the goals of Saudi Arabia's "Vision 2030" and identify the challenges faced by government agencies in the economic and development sectors.
Nomination and Remuneration Committee	The nomination and remuneration committee of the Board of Directors.
Offer Shares	Ninety million (90,000,000) ordinary Shares, representing thirty percent (30%) of the Company's capital.
Offering	The initial public offering of ninety million (90,000,000) ordinary shares with a nominal value of SAR 1 per share, paid in full, representing 30% of the Company's capital, at an Offer Price of [SAR •] Saudi Riyals per share.
Offering Period	Starting from Thursday 20/02/1447H (corresponding to 14/08/2025G) and closing on Monday 24/02/1447H (corresponding to 18/08/2025G).
Offering Price	SAR [•] per Offering Share.
Offering Proceeds	Total value of subscribed shares.
Official Gazette	Um Al Qura, the official gazette of Saudi Arabia.
Ordinary General Assembly	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.

Term	Definition
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to its resolution number 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by resolution number 3-114-2024 dated 04/04/1446H (corresponding to 07/10/2024G), as amended.
Participating Entities	Parties participating in the book-building process of the Participating Parties.
Participating Parties	The Parties entitled to participate in the Book Building process according to the Book Building Instructions are: (a) public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions issued by the CMA; (b) Capital Market Institutions licensed by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules upon submission of the Subscription Application Form; (c) clients of a Capital Market Authority licensed by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book-Building Instructions; (d) legal persons allowed to open an investment account in the Kingdom and an account with the Securities Depository Center (Edaa), including foreign legal persons who are allowed to invest in the Exchange in which the shares of the Issuer are to be listed, subject to the investment requirements of companies listed on the security market, as stipulated in CMA's Circular No. 6/05158 dated 11/08/1435H (corresponding to 09/06/2014G) based on the Capital Market Authority's board resolution No. 9-28-2014 dated 20/07/1435H (corresponding to 19/05/2014G); (e) Government entities and any supranational authority recognized by the CMA, the Exchange or any other exchange recognized by the CMA or the Depository Center; (f) companies owned by the Government, directly or through a portfolio manager; and (g) GCC companies and GCC funds if the terms and conditions of the fund permit it.
Participating Parties Subscription Application Form	The form used by Participating Parties to subscribe for the Offer Shares during the Book-Building period. This term includes, when applicable, the supplementary bid form when the price range is changed.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012, dated 17/2/1434H (corresponding to 20/12/2012G), as amended pursuant to resolution No. 1-129-2022 dated 04/06/1444H (corresponding to 28/12/2022G), as amended.
Public	Persons other than the following: (a) affiliates of the Issuer; (b) Substantial Shareholders of the Issuer; (c) Directors and Senior Executives of the Issuer; (d) Directors and Senior Executives of the affiliates of the Issuer; (e) Directors and Senior Executives of the Substantial Shareholders of the Issuer; (f) any relative of persons described at (a), (b), (c), (d) or (e) above; (g) any company controlled by any persons described at (a), (b), (c), (d) and (e) above; and (h) persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.
QFI or Qualified Foreign Investor	A foreign investor that has been qualified in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Real Estate Investments or Investment Properties	Include Completed Properties and Properties Under Development or redevelopment that are held or will be held to earn rental income, for capital appreciation, or both. Properties held under a lease are classified as Investment Properties when they are held to earn rental income, for capital appreciation, or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.
Real Estate Transaction Tax	Fee imposed on the disposition of real estate, which includes any legal transfer of ownership or possession of real estate for the purpose of gaining usufruct rights thereto, including without limitation, usufruct right transfer contracts and long-term lease contracts, including: sale, netting, donations, bequeaths, barter, lease, financial lease, transfer of stakes in real estate companies, or granting usufruct rights for more than 50 years. Royal Order No. A/84 dated 24/02/1442H exempts real estate transfers of ownership or disposition thereof by owners from value added tax, with the imposition of a Real Estate Transaction Tax on sales and similar transactions equal to 5% of the property value. The tax came into effect on 17/02/1442H (corresponding to 04/10/2020G).
Receiving Agents	The Receiving Agents whose names appear on page (ix) of this Prospectus.
REGA	Real Estate General Authority in the Kingdom.

Term	Definition
Related Party(ies)	In this Prospectus and pursuant to the Glossary of defined terms used in the regulations and rules of the CMA issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/8/1425H (corresponding to 4/10/2004G), as amended pursuant to the CMA Board Resolution No. 7-5-2023, dated 25/06/1444H (corresponding to 18/01/2023G), a "Related Party" includes any of the following: (a) affiliates of the Issuer (excluding the companies wholly owned by the Issuer; (b) Substantial Shareholders of the Issuer; (c) Directors and Senior Executives of the Issuer; (d) Directors of an affiliate of the Issuer; (e) Directors and Senior Executives of Substantial Shareholders of the Issuer; (f) any relatives of persons described at (a), (b), (c) and (d) above; (g) any company controlled by any person described at (a), (b), (c), (d) or (f) above. In (g), "control" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% or more of the members of the governing body, and a "controller" shall be construed accordingly. For purposes of this Paragraph and this definition, a "relative" includes the father, mother, husband, wife and children.
Related Party Transactions	Transactions entered into between the Company and its Related Parties as set out in Section 12.8 (" Transactions and Contracts with Related Parties ").
Relatives	A "relative" includes the husband, wife and minor children. For purposes of the Corporate Governance Regulations a "relative" includes any of the following: (a) fathers, mothers, grandfathers, grandmothers and ancestors thereof; (b) children, grandchildren and descendants thereof; (c) brothers, sisters and half-siblings; and (d) husbands and wives.
Retail Subscription Application Form	The subscription application form to be completed by Individual Subscribers in order to subscribe for the Offer Shares during the Individual Subscribers Offering Period.
Rules for Foreign Investment in Securities	The Rules for Foreign Investment in Securities issued by the CMA pursuant to Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27 March 2023G), as amended.
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the CMA's Board pursuant to Resolution No. 1-42-2015 dated 15/07/1437H (corresponding to 04/05/2015G), as amended.
Saudi Riyal(s) or SAR	Saudi Arabian Riyal(s), the official currency of Saudi Arabia.
Saudization	Saudization requirements applicable in the Kingdom in relation to the labor market.
Saudization Rate	The percentage of employees within any workforce who are deemed to count towards the level of Saudization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Saudization level.
Secretary	The secretary of the Board of Directors.
Selling Shareholders	Shareholders whose names and shareholding percentages are shown in Table 5.1 (" Direct Ownership in the Company Pre and Post Offering ") and who will sell some of their shares in the Offering.
Senior Executives or Senior Management	Members of the Company's senior management whose names are set out in Table 5.6 (" Senior Management Details ").
Shareholder(s)	Any holder of shares in the Company.
Shares	Any fully paid ordinary share of the Company with a nominal value of SAR 1 per share in the capital of the Company as issued thereby from time to time.
SOCPA	Saudi Organization for Certified Public Accountants.
Subscriber(s)	Any Participating Party and Individual Subscribers.
Subscription Application Form	The Retail Subscription Application Form and Participating Parties Subscription Application Form.
Subsidiaries	The Company's subsidiaries as set out in Section 4.7.1 (" Overview of Subsidiaries and Real Estate Funds ") of this Prospectus.

Term	Definition
Substantial Shareholder(s)	Any person holding 5% or more of the shares.
SWAP Agreements	Type of agreement through which individual investors, non-GCC residing outside the Kingdom and registered institutions outside the Kingdom, agree to invest indirectly to acquire the economic benefits of shares by entering into swap agreements with a Capital Market Institution licensed by the CMA.
Turnkey Projects	Construction and building contracts that include the contractor's commitment to handover the project complete and ready for use at the end of the contract period.
Underwriter	BSF Capital.
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.
VAT	Value Added Tax, also known as Goods and Services Tax, which came into force on 01/01/2018G in accordance with the Unified Agreement on Value Added Tax for the Gulf Cooperation Council. The Ministry of Finance has also announced an additional increase in value-added tax to 15% as at July 2020G.
Vision 2030	The National Strategic Economic Program, which aims to reduce dependence on the oil and petrochemical industry, diversify the Saudi economy and develop public services, as announced by the Saudi government in 2016G.
Zakat Certificates	Zakat certificates issued by the Zakat, Tax and Customs Authority.
ZATCA	The Zakat, Tax and Customs Authority in the Kingdom.

2. Risk Factors

Prospective investors should carefully consider the risk factors set out below, along with the other information contained in this Prospectus, prior to making an investment decision with respect to the Offer Shares. The risks and uncertainties described below are those that the Company currently believes may affect it or any investment in the Offer Shares. However, the risks listed below do not necessarily constitute all risks that may affect the Company or that are associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Directors are not currently aware of or that the Directors currently believe are immaterial. The occurrence of any such risks and uncertainties may materially or adversely affect the Company's business, results of operations, financial position, and future prospects. As a result of such risks, the price of the Shares may decline, the Company's ability to pay dividends to shareholders may be impaired, and investors may lose all, or part of, their investment.

As a result of these risks and other factors that may affect the Company's business, the expected events and circumstances in the future that have been presented in this Prospectus may not happen in the way expected by the Company or the Directors, or they may not happen at all. Consequently, investors should consider all future statements contained in this Prospectus in light of this interpretation and not rely on these statements without verifying them (for further details, please refer to Section ("Important Notice") on page (i) of this Prospectus).

Moreover, the Board of Directors confirm that, to the best of their knowledge and belief, there are no other material risks as at the date of this Prospectus - other than as disclosed in this Section - that may affect investors' decisions to invest in the Offer Shares. All prospective investors willing to subscribe to the Offer Shares should conduct an assessment of the risks related to the Offer Shares and the Offering in general, as well as the economic and regulatory environment in which the Company operates.

Investment in the Offer Shares is only suitable for investors who are capable of evaluating the investment risks and merits, and who have sufficient resources to bear any loss that may result from such investment. Prospective investors who have doubts about which actions to take should seek the advice of a financial advisor duly licensed by the CMA regarding investing in the Offer Shares.

The risks stated below are not arranged in order of importance or expected impact on the Company.

2.1 Risks Related to the Company's Operations

2.1.1 Risks Related to Revenue and Cost Recognition Policy

With regard the sale of Completed Inventory Properties (residential units), the Group capitalizes all costs incurred in the development of any project under "**Properties Under Development**" on the balance sheet. The total project cost is then allocated proportionally to each unit based on its saleable area. Upon completion of the sale and transfer of the unit's title deed to the buyer, the Company records the unit cost under cost of revenue alongside the corresponding revenue from the unit's sales.

However, the Company noted discrepancies between the recorded revenue and costs for some of its projects - namely, AIMajdiah 112, AIMajdiah 118, AIMajdiah 88, AIMajdiah 110, and AIMajdiah 113. These discrepancies resulted in uneven margins in previous periods, primarily due to costs incurred during the final stages of the project after the commencement of unit sales. These costs are particularly related to final finishing and maintenance works, which are often difficult to predict at the start of the project. This is the main reason for the inconsistent margins. It is worth noting that the fluctuation of profit margins at the project level from one year to another does not necessarily mean that there is a discrepancy in calculating profit margins at the level of the Company's consolidated financial statements. The period of sale of a particular project may extend from one financial year to another, and the revenue of the units sold and the cost of revenue for such project are recognized according to the accrual principle and in accordance with IFRS-KSA, and other standards and pronouncements that are endorsed by SOCPA.

These costs may be underestimated at the project's outset, which could misrepresent profitability in the final year of performance, as observed in the AIMajdiah 112, AIMajdiah 118, and AIMajdiah 88 projects. As a result, this could cause misleading margin movements throughout the project cycle, as seen in the AIMajdiah 110 and AIMajdiah 113 projects. Furthermore, it could also lead to misleading marginal movements throughout the project's life, as evidenced in AIMajdiah 130 (a 34.2% increase until the end of FY2023G compared to a decrease to 12.2% in the Nine-Month Period Ended 30 September 2024G) and AIMajdiah 124 (a 24.1% increase until the end of FY2023G and 2.2% in the Nine-Month Period Ended 30 September 2024G). It should be noted that the margin for the AIMajdiah 130 project was affected by price drops due to its location in a restricted sales and transfer area, which impacted demand for the project. This decrease is due to several reasons, including that the units with the highest attractiveness and achieving higher profit margins are sold at the beginning of the project. Also, at the end of the project, the Company may liquidate all the remaining units to officially close the project and move on to new projects, which

may prompt it to reduce prices to speed up the sales process and reduce ongoing costs. The company may incur additional expenses to improve the attractiveness of the remaining units, which may negatively affect the profit margin ratio of the remaining units, as the sales amount of the units upon completion of their sale in the following year is less compared to the sales of units at the beginning of the project sale.

The Group prices its services for real estate development contracts either using a fixed-fee structure or a cost-plus basis. The Group records its development fee revenue based on actual amounts paid to contractors. All costs incurred to develop the project are recorded under “**Work in Progress**” on the Group’s balance sheet and are passed directly to the client without affecting the Group’s profit and loss account.

However, this accounting treatment was not adopted during FY2021G, and instead, the Company recorded the total development cost and transferred amounts to its profit and loss account, which impacted the recorded margin for this sector and its comparability with other periods, whereby the sector recorded a profit margin of (4.3%) in FY2021G, compared to 79.9%, 49.2%, and 75% in FY2022G, FY2023G, and the Nine-Month Period Ended 30 September 2024G, respectively; inflating both revenue and costs during FY2021G period, with no impact on the gross profit.

It should also be noted that real estate development revenue included revenue from the AIDar Investment Fund, the AlNarjis fund, and the unified AlRaeah Fund, which should have been eliminated during the financial consolidation process. This resulted in inflated revenue from real estate development and unit costs sold from these funds. The revenue that should have been eliminated from the AIDar Investment Fund amounted to SAR 11.3 million and SAR 10.6 million in FY2021G and FY2022G, respectively. The revenue to be eliminated from the AlNarjis Fund were SAR 0.4 million and SAR 2.2 million in FY2022G and FY2023G, respectively. As for AlRaeah Company, the revenue that were supposed to be eliminated amounted to SAR 1.1 million in FY2021G.

In the event of additional discrepancies in revenue and cost recognition from previous or future financial years, the latter will negatively affect the Company’s business, results of operations, financial position, and future prospects.

2.1.2 Risks Related to Delays in the Company’s Project Development

The Company develops projects it owns, as well as projects owned through investment funds, joint-venture projects, and projects owned by third parties. For further details on the Company’s business model and these four models, please refer to Section 4.9.2 (“**Business Model**”).

By nature, the Group’s operations primarily rely on the development and sale of real estate projects. As of 30 September 2024G, the Company has projects under development that are either sold as Completed Inventory Properties or, on behalf of clients, as real estate development income:

- **Sale of Completed Inventory Properties:** The projected revenue from ready-to-sell units amounts to SAR 442.7 million (0.5 times the revenue from Sale of Completed Inventory Properties for FY2023G). Additionally, the total expected revenue from ongoing projects slated for sale, based on management’s estimates, is SAR 1,501.3 million (1.8 times the revenue from Sale of Completed Inventory Properties sales for FY2023G). According to the timelines set by the management, the work on 580 residential units is expected to be completed during FY2025G. It is worth noting that these projects may face delays in completion.
- **Real Estate Development Income:** The Group currently holds a portfolio of real estate projects under development with a total value of SAR 106.3 million, comprising six projects expected to be completed by the end of FY2027G. According to the projected timeline for each project, the Group expects to record additional revenue of SAR 41.8 million during FY2025G.

The Company currently has twenty (20) projects under construction across all of its business models. Several factors may affect the time and costs incurred on construction work, including:

- Delays in obtaining all, or refusals of any, necessary zoning, land use, building, development, occupancy, and other required governmental permits, requisite licenses, permits, approvals, and authorizations (including due to new regulatory frameworks);
- Unforeseen engineering, environmental, or geological problems;
- The Company’s inability to obtain necessary financing arrangements on acceptable terms, or at all, and its inability to fund construction and capital improvements, and provide any necessary future performance guarantees that may be required during the construction process;
- Defaults by, or the bankruptcy or insolvency of, main contractors vis-à-vis subcontractors;
- Inadequate supporting infrastructure, including as a result of failure by third parties to provide utilities and transportation and other links that are necessary or desirable for successful project operation;
- Design or construction defects and otherwise failing to complete projects according to design specification;
- Shortages in, or defective materials and/or equipment, as well as shortages in labor, project managers, contractors and specialists, and shortages of and/or disputes with contractors or subcontractors;

- Increases in the cost of construction materials (for example, raw materials such as steel and other commodities common in the construction industry), energy, building equipment (including, in particular, cranes), labor, and/or other necessary supplies (due to rising commodity prices, inflation or otherwise);
- Strikes and work stoppages, or other labor disputes or disturbances affecting the Company's projects, contractors, sub-contractors or suppliers;
- Failure of contractors to meet agreed-upon timetables, in particular with respect to more complex or technically challenging developments (for example, due to the scale, height, or complex design of a development); and
- Adverse weather conditions, natural disasters, accidents, force majeure events, and/or changes in governmental priorities.

The average delay duration for Company project development in the previous three years is three (3) months, due to additional requirements and amendments to legislation and building codes, structural modifications that occur during construction, and other influences. Certainly, said delays significantly affect the life cycle of the project and its sales. In the years 2021G through 2023G, the Company faced delays in construction material supply for four projects: Projects No. 129, 133, 147, and 148, when said projects experienced setbacks of up to nine months in the completion of the planned construction. As at the Nine-Month Period Ended 30 September 2024G, and based on project completion rates, the Company may face delays in projects No. 172, 174, 175, 178 and 180, due to delays in obtaining project building permits. For further information on the Company's projects, please see Section 4.9.3 ("**Company's Significant Completed and Ongoing Projects**"). Any of the above-mentioned factors can give rise to delays in the completion of construction or result in construction costs exceeding budgeted amounts. Projects subject to delays or cost overruns may take longer to complete, or fail to generate the originally anticipated revenue, cash flow, and profit margins. In addition, the targeted return on the investment in the project may not be realized. There can be no assurance that the revenue that the Company is able to generate from its projects will be sufficient to cover associated construction costs, if any of these factors were to occur.

The Company may incur penalties for delays in project completion if it fails to meet its development commitments by the agreed completion dates as per the relevant development agreements. These agreements specify delay penalties as follows:

- Projects Nos. 133, 139C, 145, 147, 151, 169 (Sarh): 1% of the contract/project value for each week of delay, with a maximum penalty of 10%.
- Project No. 160: 1% of the contract/project value for every 15 days of delay, with a maximum penalty of 10%.
- Project No. 164: 0.5% of the contract/project value for each month of delay.
- Project No. 175: 1% of the contract/project value for each month of delay.

Moreover, the Company recognizes a portion of revenue generated from its ongoing projects based on the type of model used for the relevant project (e.g., projects owned by the Company, projects developed through funds, joint-ventures, or third-party development projects). The Company recognizes revenue in the form of sales of completed projects when it directly owns the project, or as development fees for providing development services according to the payment schedule in the relevant agreements, or according to the completion percentages of the projects. Material delays in development work will result in delayed revenue for the Company and lead to possible delay penalties in accordance with the relevant agreements. Delays can have a significant impact on the associated timing of revenue recognition, which can lead to fluctuations in financial results. This is particularly true with respect to high-value projects, in which any delay in construction progress can result in delays in revenue recognition.

Any of the aforementioned factors may have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.3 Risks Related to Development Contracts with Investment Funds

The Company undertakes some development projects through investment funds, with the Company owning units in the fund (ranging from 5% to 100% depending on the fund). The Company also acts as a developer in fund-owned projects. Revenue from contracts with investment funds to provide real estate development services in the financial year ended 31 December 2021G, the period ended 31 December 2022G, the period ended 31 December 2023G, and the Nine-Month Period Ended 30 September 2024G amounted to SAR 104 million, SAR 29 million, SAR 56 million, and SAR 22 million, respectively, representing 9.2%, 2.8%, 5.3%, 2.2%, respectively, of the Company's revenue. For further information, please refer to Sections 6.10.1.1.2 and 6.10.2.1.4 ("**Real Estate Development Revenue**"). For further information on investment funds, please refer to Section 4.7.1 ("**Overview of Subsidiaries and Real Estate Funds**").

With regard to projects that it develops through funds, the Company shall always ensure that the projects it develops comply with the objectives of the fund itself and the Real Estate Investment Trust (REIT) regulations in force in the Kingdom of Saudi Arabia. Therefore, adopting the REIT structure can lead to more complex compliance procedures defined and regulated by the CMA. Given the nature of the REIT structures, the developer

shares their interest in the project with several other fund unitholders. Moreover, to achieve balance and protect the interests of unitholders, a fund manager is appointed to handle the day-to-day functions of the fund. Therefore, a developer cannot be considered in control over the project, even if they have already been appointed as a developer. Furthermore, for the same purpose, funds have a Board of Directors appointed by the fund manager (including independent members) that take certain decisions on behalf of and for the fund. Additionally, a REIT structure often entails a slower decision-making process (when compared to projects that do not use such structure) due to a more complex governance structure. For example, project contracts must usually be approved by the designated fund's Board of Directors before they are signed by the developer, and this can lead to delays in the development schedule. Moreover, in some cases, the Company executes contracts with investment funds to provide marketing services and sell residential units for a percentage of the sale price. However, there is no guarantee that investment funds will execute such contract with the Company to provide these services in future projects.

Moreover, there is no guarantee that investment funds will continue to award the Company new development or marketing and sale contracts, nor that relations with investment funds will be maintained or renewed on appropriate terms. Investment funds may also terminate development agreements or change the terms in a manner that does not suit the Company. In the event of non-renewal, obtaining new agreements, or termination, this would have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.4 Risks Related to Concentration of Group's Revenue in Proceeds from the Sale of Completed Properties

The Company's revenue generally comprises a variety of real estate products and services, including sale of Completed Inventory Properties, income from real estate development, real estate commission income, rental income, maintenance income, gains from real estate investment revaluation, land sales revenue and revenue from the sale of Inventory. (For further information on the Group's revenue, please refer to Section 4.9.3.1.1 "Company-Owned Projects"). The Company's revenue is primarily concentrated in the sale of Completed Inventory Properties, defined as the sale of real estate units developed and owned by the company (as detailed in Section 4.9.3.1.1 "Company-Owned Projects"), which amounted to SAR 741.7 million, SAR 712.1 million, SAR 853.9 million, SAR 600.9 million and SAR 789.8 million, representing 65.2%, 69.3%, 82.1%, 86.9% and 78.5% as of 31 December 2021G, 2022G, 2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively.

While the Company's various real estate products and services, such as real estate development income, real estate commission income, rental income, maintenance income, gains from real estate investment revaluation, and land sales revenue, also contribute, these activities represent a smaller share compared to revenue from sale of Completed Inventory Properties. Specifically, real estate development income represented 9.2%, 2.8%, 5.3%, 3.3% and 2.2% as of 31 December 2021G, 2022G, 2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively. Real estate commission income represented 1.4%, 3.2%, 3.8%, 3.6% and 4.6% as of 31 December 2021G, 2022G, 2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively. Rental income was 0.0%, 0.1%, 0.5%, 0.3% and 0.8% as of 31 December 2021G, 2022G, 2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively. Maintenance income was 0.0%, 0.0%, 1.4%, 1.5%, and 1.2% as of 31 December 2021G, 2022G, 2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively, of the Company's total revenue.

In addition, the Company's strategy aims to increase the diversity of its product portfolio and develop new products. However, there can be no assurance that the Company will be able to achieve or maintain a higher level of diversification in its product portfolio or that the Company will be able to maintain its sales revenue from the sale of Completed Inventory Properties, or further diversify its revenue to include other products. A decrease in Sales revenue from the sale of Completed Inventory Properties may have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.5 Risks Related to Sale of the Completed Inventory Properties

The sales of completed inventory properties have seen a decline in gross profit margins from 38.7% to 20.6% during the fiscal period 2021G-2022G, and from 20.6% to 19.9% during the 2022G-2023G fiscal period, and from 22.8% to 21.1% for the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G. This decrease is attributed to the following:

1. **Increase in Land Costs:** The average cost of land per square meter rose from SAR 15 thousand per square meter in FY2021G to approximately SAR 20 thousand per square meter in FY2022G to approximately SAR 24 thousand per square meter in FY2023G and to approximately SAR 2.6 thousand per square meter in the Nine-Month Period Ended 30 September 2024G, in line with local market trends. The projects sold in FY2021G were developed on land owned by the Group and recorded at historical costs.
2. **Increase in Construction Costs:** Average construction cost rose from SAR 24 thousand per square meter in FY2021G to SAR 3.1 thousand per square meter in FY2022G, SAR 3.2 thousand in FY2023G, due to the increase in raw material costs during this period. Additionally, more facilities were added to newer projects, which include gyms, common areas, and residential gardens, leading to an

increase in construction costs. The lack of allocation and oversight by management regarding the costs to complete sold projects in 2021G led to a significant increase in construction costs, which negatively impacted profit margins. Management was unable to track construction costs due to their nature, and thus could not determine the impact of rising raw material costs and the effect of the high construction standards used in projects on cost increases.

3. Market Dynamics: The Group benefited from the Vision 2030 government regulations, where the Saudi government supports Saudi citizens with subsidized loans to purchase residential units, which helped the Group sell its inventory during this period. However, rising interest rates and increased competition in the market have heightened price sensitivity, limiting the Group's ability to pass on all costs to customers. These factors, if they continue to occur, will have a negative impact on the Company's business, results of operations, financial position, and future prospects.

The profit margin on sale of Completed Inventory Properties remained stable in FY2023G, driven by stable average selling prices and construction costs during the period. The average construction cost decreased to SAR 3.1 thousand and SAR 2.9 thousand per square meter in the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G. This margin continued to stabilize in the Nine-Month Period Ended 30 September 2024G, supported by the reversal of adjustments related to previous periods (for further details on these adjustments, refer to Section 2.1.38, "**Risks Related to Delays in Consolidating the Financial Information of Subsidiaries and Investment Funds**"). Without these reversals, the profit margin could have declined to 16.1% in the Nine-Month Period Ended 30 September 2024G due to a decrease in the average price from SAR 7 thousand per square meter to SAR 6.9 thousand per square meter, as most units sold in the Nine-Month Period Ended 30 September 2023G were located in high-priced areas.

2.1.6 Risks Related to Company's Use of Third-Party Contractors and Suppliers

The Company hires third party contractors and subcontractors to carry out some of the construction activities associated with its projects, such as Projects No. 147, No. 148, and No. 160, where contractors carry out site preparation, excavation, concrete, paint, and insulation works, as well as the supply of project building materials. Prior to financial year 2023G, the Company was essentially hiring several subcontractors to build its projects. However, as at financial year 2023G, the Company shifted to a model in which it hires a single contractor for the project. Turnkey contract projects amounted to SAR 0, SAR 86,872,864, SAR 715,074,971, SAR 563,576,976 and SAR 542,133,361, representing 0%, 12%, 84%, 93.8% and 70.8% of sales for the years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, the Nine-Month Period Ended 30 September 2023G, and the Nine-Month Period Ended 30 September 2024G respectively. There can be no guarantee that the Company will continue to have access to experienced contractors in the future, or that the costs associated with hiring experienced contractors will not increase due to higher levels of competition for their services. Moreover, the Company also employs many specialized contractors to complete its projects according to the standards set by the Company, which include hiring certified, experienced contractors and the high quality of completed projects. However, there can be no assurance that the quality of construction of the Company's completed and ongoing projects will be maintained in its future projects. Any difference in the quality of construction from project to another may adversely affect the Company's brand and have a material adverse effect on the Company's business, results of operations, and financial position.

Moreover, should one of the Company's contractors or suppliers default on its arrangements with the Company for any reason, including as a result of its bankruptcy or insolvency, in the event of default on payments to subcontractors or disputes therewith, or if the Company's relationship with a contractor or supplier deteriorates, the Company may not be able to find a suitably-qualified replacement promptly, on similar terms or at all. In addition, some contractors may require licenses or permits to work for the Company and there can be no assurance that another contractor can be found in a timely manner with the requisite approvals and licenses. If any of these events was to occur, this may adversely affect the Company's ability to complete the affected project(s), and this may have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.7 Risks Related to Company's Joint Ventures

The Company is exposed to risks related to the joint ventures to which it may be a party. The Company and a private investor have previously entered into investment agreements in relation to Projects No. 154, No. 148, and No. 129. Cooperation and agreement between joint venture partners is necessary to facilitate its operations and ensure the financial success of its business and projects. However, the economic and commercial interests and objectives of the partners may not be compatible with those of the Company. They may be unable or unwilling to fulfil their obligations under the relevant joint ventures or other agreements, and they may encounter financial or other difficulties. In the future, disputes may arise between the Company and other partners in the joint venture, which may have a negative impact on the project. Furthermore, the Company may not be able to control the decision-making process in a joint venture without the cooperation of the Company's joint venture partners, particularly when the Company does not have the majority control thereof, as was the case in Projects No. 129, No. 148, and No. 154. If the joint venture fails or if the Company's joint venture partners seek amendments to the joint venture arrangements, or otherwise pursue actions adverse to the Company's interests, this may have a material adverse effect on the Company's business, results of operations, and financial position.

In addition, the Company's ability to expand in the future will continue to depend on the availability of suitable and willing joint venture partners, including, in particular, those with high-quality resources and expertise, as well as the Company's ability to complete the relevant projects, and the availability of financing on commercially acceptable terms. There can be no assurance that the Company will be successful in establishing any future joint ventures or that, once established, a joint venture will be profitable. If a joint venture is unsuccessful, the Company may be unable to recoup its initial investment. In addition, the Company's inability to realize joint venture opportunities may result in losing access to premium plots, which may be obtained and developed by Company competitors, or may require significant capital expenditure to be acquired in the future. Any of these factors, alone or in combination, can lead to a decline in construction quality, delays in project delivery, reputational risks, and higher capital expenditure and funding costs, which may have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.8 Risks Related to the Company's Material Contracts, Including the Conclusion of Development Agreements

The Company is a party to 35 Material Agreements in which costs exceed eighty million Saudi Riyals and developed housing units exceed one hundred housing units. Such agreements include development agreements and subcontracting construction project agreements. The value of material real estate agreements amounted to SAR 2,588 million, representing 71.6% of projects under development. Some of these development agreements stipulate provisions that are strict or unsuitable for the Company. For example, these agreements do not include any item that allows the Company to terminate early in the event that the other party to the agreement fails to perform its obligations, as is the case in the following project agreements: Projects No. 129, No. 148, No. 154, No. 160, No. 162, No. 164, No. 165, and No. 168. These contracts are valued at approximately SAR 423 million, which represents 26% of the total value of construction contracts. Moreover, a number of material agreements contain clauses that are unfavorable to the Company and may lead to violating the terms of concluded agreements. For example, in the development agreements signed by the Company for projects 133 and 145, the party that owns the project has the right to suspend payment of any dues to the Company if it finds justification to apply such measure, such as cases of breach by the Company of its obligations in the relevant agreements, possibly in terms of project delivery delays or project implementation in a manner not agreed upon by the project owner, resulting in the owner refusing to accept the project in accordance with the provisions of the relevant agreements.

The development agreements of Projects No. 133, No. 139 (c), No. 145, No. 147, No. 148, and No. 169 (Sarh), valued at approximately SAR 470 million, representing 64% of total development agreements, stipulate that the cost of the project shall not exceed that mentioned in the respective development agreements. Therefore, the projects under the respective development agreements face the risk of shut-down and suspension if the project in question requires more than the sum allocated for the development process, if, for example, the prices of building materials increase, or due to the high fees of new contractors who need to be hired, and the project owner decides not to increase the cost of the project more than that agreed on in the respective development agreements. In the event that any of the above cases materialize and the Company fails to negotiate contract termination, it may be obliged to continue executing an unprofitable contract or breach its obligations, which may, in turn, result in imposing delay fines on the Company, or the Company may incur compensating the contracting parties. In the event that any of the aforementioned occur, this would have an adverse and material impact on the Company's business, financial position, results of operations and future prospects. One of the Company's material contracts is the contract for the purchase of the land on which the Company's head office is built. Said land is located in an area where title deed transfers were suspended. For further details about this contract, please refer to Section 2.1.13 "Risks Related to Permits, Licenses, and Approvals Necessary for Company's Business Operations" of this Prospectus.

In addition, the Company has entered into development agreements for projects No. 168, No. 182, and No. 185. Under these agreements, the Company may be subject to late payment penalties imposed by the project owner if the relevant development agreement expires and all residential units have not been sold to beneficiaries or their development is not completed. If the Company fails to complete the construction and sale of units in Projects No. 168 and No. 182 within the timeframe specified under the development agreements for these two projects, the unsold or incomplete units will be considered sold as off-plan units to the project owner, and the project owner may impose late payment penalties on each unit not completed or sold. If the Company fails to develop or sell the residential units in Project No. 185 within the timeframe specified in the project development agreement, the Company may be subject to a late payment penalty based on 7% of the total value of each residential unit not sold or constructed by the project completion date. Additionally, these agreements require the Company to take all necessary measures to ensure the completion of the relevant project by the agreed completion date, even if off-plan sales are not sufficient to finance the development and construction of the project. Therefore, if the project owner does not agree to the Company's request to amend the project development and sales plan to facilitate the sale of the project's residential units, the Company may be forced to seek additional financing to complete these projects, which could have a material adverse impact on the Company's business, results of operations, financial position, and future prospects.

2.1.9 Risks Related to Post-Development Structural or Mechanical Defects

The Company obtains a ten-year warranty from the relevant contractors for the works on the foundational structure of the projects. The contractors shall remain liable for repairing any structural defects throughout this period after the development is completed. The respective contractors usually provide the Company with warranties for periods ranging from twelve (12) to twenty-four (24) months on other works such as plumbing and electrical and mechanical works. If a contractor defaults on their warranty or liability in relation to the correction of a workmanship-related or structural defect discovered during the relevant period, or if they become bankrupt or liquidate before the expiry of the warranty period, the Company may not be able to locate another suitably qualified contractor to rectify the defect in a timely manner or at all. In such a case, the Company would incur additional costs to hire other contractors to fix the defects instead of getting the repairs done under the warranty. Furthermore, the Company's reputation may be adversely affected if a significant number of customers encounter workmanship or structural defects and these are not rectified in a timely and satisfactory manner, which may have a material adverse effect on the Company's business, results of operations, and financial position.

2.1.10 Risks Related to the Group's Ongoing Projects

The Company has forty-nine (49) ongoing projects as at the date of this Prospectus (including those that have been developed and are currently for sale, projects under development, or projects in the design/planning stage). Out of the forty-nine (49) projects, nineteen (19) material projects are currently under development, and they are Projects No. 129, No. 133, No. 139 (c), No. 145, No. 147, No. 148, No. 151, No. 154, No. 156, No. 160, No. 162, No. 164, No. 165, No. 168, No. 169 (Sarh), No. 175, No. 182 and No. 185, as well as the Masharef AlMajdiah Project. With regard to the projects under development, there are several risks associated with the development phase due to the nature of the development work. Such risks do not face the Company specifically. Rather, they are general to the field of development. These includes:

- **Market Risks:** Fluctuations in the real estate market conditions, including changes in property demand, prices, and interest rates, can affect the profitability of projects and sales.
- **Regulatory Risks:** Changes to planning laws, building codes, and other regulations applicable in Saudi Arabia can affect project timelines and costs.
- **Financial Risks:** Unexpected increases in construction costs, financing delays, or cash-flow disruptions can strain financial resources, affecting the Company's ability to complete projects on time and within budget.
- **Construction Risks:** Delays due to unforeseen conditions at development sites, labor shortages, or problems in contractors' performance can incur increased project costs and prolong their schedules.
- **Environmental Risks:** Environmental factors such as adverse weather conditions, natural disasters, and site pollution can disrupt construction activities and incur additional mitigation and recovery expenses.
- **Supply Chain Risks:** Timely delivery of materials and equipment is crucial. Therefore, disruptions in the supply chain can cause delays and increased costs.
- **Reputational Risks:** Quality control issues, safety incidents, or failure to meet project deadlines can damage the Company's reputation, hence impacting future business opportunities and investor confidence.
- **Economic Risks:** General economic conditions, including recessions or economic slowdowns, can reduce demand for new projects and affect the Company's ability to sell or lease property.

The Company recognizes revenue from its ongoing projects as part of the revenue thereof based on the type of model used for the relevant project (e.g. projects owned by the Company, projects developed through funds or joint ventures, or third-party development projects). The Company recognizes revenue in the form of sales of completed projects when it directly owns the project, or as development fees for providing development services according to the payment schedule in the relevant agreements, or according to the completion percentages of the projects. In turn, material delays in the construction process will delay the revenue the Company can realize. For example, during the years 2021G to 2023G, the Company faced delays in receiving construction material and a delay in obtaining the required regulatory permits for three projects: No. 129, No. 133 and No. 147. As at the Nine-Month Period Ended 30 September 2024G, the Company may face delays in projects No. 172, No. 175, No. 178, and 180 due to delays in obtaining project building permits, based on the project completion rates. These projects faced delays of up to nine months in completing the planned construction. Delays can have a significant impact on the associated timing of revenue recognition, which can lead to potentially significant fluctuations in financial results. This is particularly true with respect to high value projects in which even a small delay in the construction progress can result in delays in recognizing large amounts of revenue.

The Company plans to undertake several new projects or work to improve or modify existing ones. These future plans may be exposed to the above risks, which may be exacerbated depending on the size and complexity of the project. There is no guarantee that a future project will be completed properly, within the set timeframe, and according to its expected cost. Failure to achieve that would affect the Company's business, financial position, results of operations, and future prospects.

2.1.11 Risks Related to Relying on Contractors in Turnkey Contracts

The Company's development strategy entails appointing contractors to build its projects either by (i) appointing one contractor for the entire project on a turnkey basis, or (ii) by appointing several contractors to implement different parts of the project. In recent years, the Company has increasingly relied on hiring single contractors to complete the construction of projects on a turnkey basis rather than hiring several different contractors to implement different parts of the projects. As of the date of this Prospectus, the Company relies entirely on appointing a single contractor for the entire project on a turnkey basis.

There are several risks associated with relying on a single contractor for the whole project, including:

- **Quality Control:** With a focus on delivering a completed, operational project at a fixed price, contractors may compromise quality to maintain profitability, affecting the quality of work.
- **Limited Flexibility:** Any material changes or amendments requested by the Company after signing the contract can be costly and difficult to implement, potentially leading to disputes.
- **Single Point of Failure:** The Company's reliance on a single contractor for the entire project increases the impact of any failure or mismanagement by that contractor on the entire project, rather than dividing the risks among several contractors.

Therefore, if these contractors failed to perform their roles as required, on time, and within the specified budget, this would obstruct the project implementation and increase its cost. In turn, this will reflect on the Company's reputation and delay, or nullify, achieving its revenue from those projects, hence causing an adverse and material impact on the Company's business, results of operations, financial position, and future prospects.

2.1.12 Risks Related to the Impact of Increased Operating Expenses and Revenue Costs on the Company's Business

The Company's operating expenses, representing the total general and administrative expenses, and sales and marketing expenses, may increase as a result of a number of factors (for further details about the financial and operational performance of the Company, see Section 6 ("Management's Discussion and Analysis of Financial Condition and Results of Operations"), including, but not limited to, salaries of the Company's employees, headquarters rents, compulsory insurance fees, and operational service charges, such as power, water, and telecommunications. In addition, any further increase in Saudization requirements of the workforce in Company activities may lead to an increase in the Company's operational expenditure (see Section 2.2.5 ("Risks Related to Saudization, Foreign Labor and other Labor Law Requirements"). The Company's operating expenses amounted to SAR 38 million, SAR 64 million, SAR 105 million, SAR 52 million and SAR 57 million, respectively, equivalent to 3.3%, 6.2%, 10.1%, 7.5% and 5.6% of the Company's total revenue for the financial years ended 31 December 2021G, 2022G, and 2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively. Operating expenses increased when compared to 2021G, primarily due to higher salaries, fund management fees, and marketing expenses. For further information on the analysis of operating expenses, please refer to Section 6.10.1.3 ("General and Administrative Expenses") of this Prospectus. Any increases in the Company's operating costs will also reduce its cash flow, profit margin, and funds available for operation of the Company's existing projects and for future expansion. In turn, the Company's business, results of operations, financial position, and future prospects would be adversely and materially affected.

Revenue costs for the Company's activities have increased due to a combination of factors including, but not limited to, land prices, increased contractor costs, costs of raw materials used in construction, prices of basic commodities, costs of outsourcing services, labor costs, costs of fuel, water, and power, as well as repair and maintenance costs. It should be noted that fuel, water, and power charges have increased in the past years, and for further details on this, please refer to Section 2.2.15 ("Risks Related to the Prices of Electricity, Water and other Services"). The Company's cost of sale of completed real estate inventory amounted to SAR 455⁽¹¹⁾ million, SAR 565 million, SAR 684 million, SAR 464 million, and SAR 623 million, respectively, equivalent to 61.3%, 79.4%, 80.1%, 77.2%, and 78.9% of the Company's sales revenue from the sale of Completed Inventory Properties for the financial years ended 31 December 2021G, 2022G, and 2023G, and the Nine-Month Period Ended 30 September 2023G and the Nine-Month Period Ended 30 September 2024G, respectively. For further information, please refer to Section 6.10.1.2 ("Operating Costs") of this Prospectus. Increased revenue costs may result in a decrease in the Company's cash flows, profit margin, and amounts available for the Company's future expansion. In turn, the Company's business, results of operations, financial position, and future prospects would be adversely and materially affected.

2.1.13 Risks Related to Permits, Licenses, and Approvals Necessary for Company's Business Operations

The Company is required to obtain and maintain the necessary regulatory permits, licenses, and approvals from relevant government authorities for its business operations and activities. These permits, licenses and approvals related to the Company and its subsidiaries' business operation include, but are not limited to, licenses issued by the MoMAH, wafi off-plan sales permits, Real Estate General Authority (REGA) licenses to practice real estate brokerage, property management licenses, commercial register of the Company and its subsidiaries issued by the Ministry of Commerce, commercial licenses issued by various municipalities, municipal building

¹¹ Excluding SAR 70 million related to the cost of land sold which was reclassified in cost of sale of inventory properties.

completion certificates, civil defense permits, membership certificates with the relevant chambers of commerce, trademark registration certificates, as well as Saudization and GOSI certificates. Each approval is dependent on the satisfaction of certain conditions. Issuing a building permit for a project requires obtaining the approval of the relevant municipality on the project's construction plan and design. Municipal building completion certificates are required in respect of new projects to indicate whether an asset has been built in accordance with the requirements set out in the relevant building permit.

It should be noted that, as of the date of this Prospectus, the Company has not obtained building permits for projects No. 168, No. 175, No. 182, No. 185, and the Mishraf AlMajdah Project in Madinah due to the Company not yet commencing construction works. Buildings constructed in violation of the conditions or standards set out in the building permit may be subject to a range of penalties, including fines, closure, or demolition. Projects 168, 182, and 185 are being developed by the Company under the off-plan sales model. Although the Company has obtained approval from the Real Estate General Authority to begin selling residential units in these projects off-plan and to receive payments in the escrow account for the projects, the Company has not yet, as of the date of this Prospectus, obtained the final off-plan sales licenses for these projects, which are required to enable the Company to initiate disbursements from the escrow account of the projects.

For further information, please see Section 125 ("Government Consents, Licenses and Certificates").

In addition, with regard to building permits issued by the Riyadh Municipality, the Company faced building violations as a result of discarding waste outside the project fence or placing of advertisements or project signage before obtaining a permit from the Municipality, and the Company's exposure to municipal violations may lead to increased financial costs that the Company will have to bear, either directly or indirectly, in the projects. The Company's responsibility for development work in the projects requires ensuring that the project complies with municipal licensing requirements. The value of the municipal violations imposed on the Company amounted to SAR 33,584, SAR 4,500, SAR 1,433,401 and SAR 1,659,900 for the financial years ended 31 December 2021G, 31 December 2022G, and for the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively.

Most of the Company's existing licenses are subject to conditions under which they may be suspended or terminated if the Company fails to fulfill and abide by the underlying conditions. Moreover, when seeking to renew or amend the scope of a license, there is no guarantee that the concerned authority will renew or amend the license or that, if it does renew the license, no conditions will be imposed that may adversely affect the Company's performance.

If the Company or any of its subsidiaries fails obtain or renew a license necessary for its operations, or if any of its licenses expires or is suspended, or is renewed under unfavorable conditions to the Company, or if the Company is unable to obtain additional licenses required in the future, the Company will be required to cease conducting its business totally or partially to avoid facing fines issued by the relevant governmental authorities, which includes fines from the Civil Defense reaching up to SAR 30,000, or from MoMAH reaching up to SAR 5,000 for each violating site, this would interrupt or delay the Company's operations and cause the Company to incur additional costs, and would adversely and materially affect the Company's business, results of operations, financial position, and future prospects.

2.1.14 Risks Related to Suspension or Interruption of Land Development

Real estate assets are affected by city planning, urban planning by regulators, and other matters that may require stopping development and work on certain plots of land until an agreement is reached with the relevant regulatory body on how the land can be utilized. This could result in development delays for some properties. The continuation of such suspensions, or the occurrence of additional ones, is beyond the company's control and cannot be predicted or guaranteed. These suspensions, or their continuation, would have a significant and material negative impact on the Company's business, financial position, results of operations, and future prospects.

It should be noted that the Company entered into a sale agreement with Khaled and Mohammed Abdulrahman AlMajed (two of the Company's shareholders) on 10/05/202G for the sale of the land on which the Company's head office is built. Due to an order issued in 2020G by the competent government authority suspending title deed transfers in the area where the Company head office is located, the title deed of the land has not yet been transferred to the Company's name. As a result, the Company will not be able to register its ownership of the head office land or any future transfer of ownership/future third party rights (such as mortgages) until the moratorium is lifted by the competent authority. The book value of this land and the building is SAR 21,413,731 as at 30 September 2024G. The land is still registered in the name of the shareholders due to the moratorium, yet ownership belongs to the Company as per the sales agreement. If the suspension order is not lifted, the Company will not be able to transfer the land to its ownership and may lose ownership of the land in the event of a dispute over the sale or if the suspension is never lifted. In such case, the Company's business, results of operations, financial position and future prospects would be adversely and materially affected.

2.1.15 Risks Related to Land Ownership Disputes

Property ownership in Saudi Arabia gives rise to a number of risks, in particular disputes over ownership and title given the absence of a complete centralized land registry in all provinces of the Kingdom, which results in some difficulties in tracing the dates of old Sukuk and subsidiary Sukuk. Although the Kingdom has begun to develop a centralized in-kind register to consolidate title deeds, work on this register is still in its initial stages. Therefore, its effect on eliminating risks and disputes related to ownership will become clear once its development process is completed, all title deeds are registered therein, and objection periods on ownerships registered therein end. Given that indefeasibility of title does not yet exist in Saudi Arabia, various types of historical evidence are relied upon to identify and prove ownership of land, such as court judgments, sale agreements, and historical deeds. Given that not all relevant historical evidence may be available in every case, there is often a residual risk of future ownership disputes. For example, if a person who previously owned the land sold it to another buyer before selling it to the Company, said other buyer could potentially file a claim against the Company regarding ownership of the land, even if they had not yet registered their purchase. As a result, the Company may not be able to prove ownership of all the lands owned thereby, and legal disputes may arise concerning those properties, which, in some cases, could lead to the Company losing ownership of one of its properties. Such disputes and uncertainties over ownership could significantly impact the value of the project, and may also cause the Company to cease development of a particular project, hence adversely affecting the Company's business, financial position, results of operations, and future prospects.

2.1.16 Protecting Trademarks on which the Company Relies

In its operations, the Company relies on three trademarks, details of which are set out in Section 12.11.1 ("Trademarks"). It is worth noting that, as of the date of this Prospectus, the Company does not use the AlMajdiah trademark in any of its projects. Dar AlMajed Holding Company assigned and transferred the ownership of the AlMajdiah trademark to the Company pursuant to a Trademark Assignment Contract dated 14/01/2025G. The assignment was registered with the Saudi Authority for Intellectual Property and is now under the Company's ownership.

In the event the Company is unable to register or renew its trademarks, or in the event a third party objected to the registration of a trademark, this would affect the Company's operations, financial position, and results of operation. The competitive position of the Company depends on its ability to continue using such trademarks and to protect its rights related to such trademarks against any illegal use thereof by third parties.

In the event the intellectual property rights related to the Company's trademarks are infringed, including as a result of unauthorized use or a failure to protect such rights by the competent authorities in accordance with the regulations of the relevant countries, it may have to resort to costly litigation and divert technical and management personnel. Furthermore, the outcome of a dispute may require the Company to enter into royalty or licensing agreements, which may not be available on terms acceptable to the Company, or at all. Any of the above would have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.17 Risks Related to the Company's Reputation

In its business, the Company relies on its reputation in the market. The Company's reputation may be negatively affected due to several things such as the low quality of its services or residential products, disputes with customers, exposure to negative publicity, or being subjected to penalties as a result of non-compliance with the relevant regulations. The Company's reputation can also be damaged by the actions or statements of current or former customers, competitors, or the media. Negative information and statements about the Company, even if based on rumors or misunderstandings, may negatively affect its business. Reputational damage can be difficult, costly, time-consuming, and influential to potential or existing customer choices, resulting in customer loss and a negative impact on the business.

Additionally, the Company's reputation depends on its ability to maintain the level of its services and the quality of its products- a key factor for the Company and its ability to attract new customers. If the Company is unable to maintain a satisfactory level of services and product quality, it will affect its reputation, possibly causing a decline in the Company's revenue. Damages to the Company's reputation may also decrease the Company's brand value and reduce investor confidence. This would have an adverse and material impact on the Company's business, results of operations, financial position, and future prospects.

2.1.18 Risks Related to Geographic Concentration

The operations of the Company and its subsidiaries are entirely located in the Kingdom of Saudi Arabia. Moreover, the Company's activities, businesses and the businesses of its Group are largely concentrated in the city of Riyadh specifically, which hosts forty-four (44) out of forty-nine (49) of the Company's total projects as at the date of this Prospectus. In addition, 100% of the Company's revenue for the financial years ended 31 December 2021G, 2022G, and 2023G, and the Nine-Month Period Ended 30 September 2024G were focused in Riyadh. Accordingly, any deterioration in the economic, organizational, or geographical conditions, or any adverse weather, epidemics, or other conditions that may occur in the Kingdom in general or the city of Riyadh in particular, or one of the cities in which the Company may conduct its business in the future would have a significant impact compared to other companies that have assets distributed inside or outside the Kingdom. In turn, this would adversely and materially affect the Group's business, financial position, results of operations, financial position, and future prospects.

2.1.19 Risks Related to Deficiencies or Errors in Project Design or Construction, or Failure to Complete Projects as per Design Specifications

The Company's business model is based on the soundness and safety of project design, construction, and maintenance. Any defects or errors in the design or construction of Company projects, including any defects in the building materials used, design errors, and/or safety matters, may affect the operational performance of the projects. Moreover, such defects and errors may force the Company to carry out repair works and therefore incur additional costs related to such work. Furthermore, failure to complete projects in accordance with the designs and specifications agreed upon by the Company (and owners, if the projects in question are not owned by the Group), which must be approved by the concerned authorities such as the MoMAH before the issuance of the relevant building permit, may affect the Company's ability to obtain occupancy certificates from the MoMAH. In such case, the Company would not be able to divide its properties or continue to sell units in the concerned projects. Delays in issuing occupancy certificates are likely to delay the sale and would therefore result in financial damages associated with correcting project defects before the sale.

Additionally, any undetected material defects in construction work may result in harm or injuries to visitors, as well as damage to the reputation of the Company and its projects. Such events may require the Company to carry out foundational structural repairs to its projects and incur significant additional expenses in this regard. They may also result in lawsuits against the Company and higher insurance premiums on its projects, leading to an adverse and material impact on the Company's business, financial position, results of operations, and future prospects.

2.1.20 Risks Related to the Success of the Company's Projects

The Company aims to continue expanding its business in the real estate development sector in the coming years by establishing new projects in various regions of the Kingdom. However, the Company may face several risks and obstacles when establishing new projects, such as finding new properties in prime locations at competitive prices, concluding relevant contracts under appropriate contractual terms, obtaining all necessary licenses and regulatory approvals, as well as other factors and challenges.

Moreover, the Company's ability to complete its projects according to the specified schedule as per the required quality depends largely on the parties contracted by the Company for the purpose of implementing projects, such as development companies, contractors, engineering offices, as well as other consultants and service providers. Therefore, in the event that these parties fail to comply with their obligations in accordance with the contracts concluded, this will affect the Company's ability to complete its projects according to the specified schedule and the required quality.

In addition, the establishment of new projects by the Company does not necessarily mean the success of these projects and their realization of the profits expected by the Company according to the relevant feasibility studies, as the success of projects depends on a number of factors, including ones beyond the Company's control, such as the political and economic conditions in the Kingdom, the appearance of new competitors in the market, and other factors mentioned in this Section of the Prospectus.

Accordingly, there is no guarantee that the Company will be able to establish new projects of the required quality or that the establishment of new projects will be successful. If the Company is unable to establish new projects or if new projects are not successful, this would negatively affect the Company's business, financial position, results of operations, and future prospects.

2.1.21 Risks Related to the Company's Related-Party Transactions

During 2021G, 2022G and 2023G, transactions with Related Parties were recorded, in accordance with the Company's consolidated financial statements, including financing activities, land sales, and expenses paid on behalf of the Company. The Related Party Transactions primarily involve shareholders, the fund manager at a subsidiary (Jadwa Investment Company), shareholders of Jadat AlRabe'a (an affiliate company), and Jadat AlOula Real Estate Development (associate).

The total value of transactions conducted with Related Parties (in accordance with the Company's consolidated financial statements) amounted to SAR 479 million, SAR 170 million, SAR 217 million, and SAR 51 million for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively (for further details, please refer to Table 6.45 "Amounts Due from Related Parties for the Financial Years Ended 31 December 2021G, 2022G, 2023G and 30 September 2024G" of this Prospectus). It is also worth noting that the approval of the General Assembly is a regulatory requirement for all Related Party Transactions in which members of the Board of Directors have an interest in.

The Company entered into agreements with Related Parties without executing formal written contracts for such transactions, which involved the Company covering expenses related to maintenance and repairs on behalf of related parties and obtaining financing from Related Parties on commercial terms.

Entering into transactions with Related Parties or third parties without formal agreements that fully and clearly outline the obligations and rights of each party may result in several risks. These risks include the Company not receiving all services at the required level of quality, the inability to assert its rights in the event of disputes between the parties, and the possibility of incurring additional costs. All these risks could have a significant and material negative impact on the Company's business, financial position, and results of operations. If the Company continues to fail to document contracts and transactions with Related Parties through written agreements, this could lead to negative effects on the Company's costs and revenue, and thus materially and adversely impacting the Company's business, results of operations, financial position, and future prospects.

The Company has taken all necessary steps to terminate contracts and transactions that may involve any member of the Board of Directors or the Company's shareholders, and the outstanding amounts have been settled in accordance with those contracts and transactions, except as mentioned below in the section referring to amounts due from Related Parties.

The table below sets out the balances due from and to Related Parties as at 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Period Ended 30 September 2024G:

Table 2.1: Balances due from and to Related Parties as at 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Period Ended 30 September 2024G

	As at 31 December 2021G	As at 31 December 2022G	As at 31 December 2023G	Nine-Month Period Ended 30 September 2024G
Balances of transactions due from Related Parties of total assets (SAR)	60,325,022*	14,369,699	21,831,231	17,372,734
Balances of transactions due from Related Parties as a percentage of the Company's assets	3.1%	0.6%	0.9%	0.6%
Balances of transactions due to Related Parties (SAR)	336,048,112	291,786,026	221,103,235	184,827,148
Balances of transactions due to Related Parties as a percentage of total liabilities	24.4%	17.1%	13.9%	9.4%

* The outstanding balance of transactions from Related Parties, net of provisions, amounts to SAR 2,525 million. This provision was reversed in FY2022G.

As at 30 September 2024G, the amounts due from Related Parties consist mainly of the following:

1. SAR 12,579,325 due from the Company's shareholders comprising expenses related to the Offering.
2. SAR 4,793,409 due from Jadat AlOula Real Estate Development comprising a development fee.

The balance due to the Related Parties consists of the following:

1. SAR 139,840,623 due to shareholders in Jadat AlRabe'a Real Estate Company comprising financing for the Group's projects.
2. SAR 1,355,802 due to Jadwa Investment Company as management fees paid to the consolidated funds, namely, the AlMajdiah Investment Fund, Dar Investment Fund, and AlNarjis Investment Fund, in addition to the unconsolidated funds in which the Group invests, namely Blom Fund, Dar 2 Fund, and Musharaka Fund.
3. SAR 43,625,400 due to shareholders in Burj AlRaeah Real Estate Company for financing Group projects.

As of 30 September 2024G, there were no outstanding amounts due to the Company's shareholders, as the amount owed thereto, totaling SAR 91.2 million, was settled through the transfer of a plot of land in Al-Rimal, valued at SAR 71.2 million by an external valuation company, along with a cash payment of SAR 20.0 million.

As at the date of this Prospectus, all Related Party Transactions were made on arm's length terms. However, if the Company enters into contracts with any Related Parties that are not on arm's-length terms or in the event such transactions transfer undue benefits to Related Parties of the Company, this could negatively affect the Company's costs and revenue, which would, in turn, adversely and materially affect the Company's business, results of operations, financial position, and future prospects.

It is worth noting that the Company previously used funding from certain Related Parties to finance some of its projects. However, as at 31 December 2023G and the period subsequent thereto, the Company does not rely on any of the Related Parties to finance any of its projects, but rather on bank financing. It is also worth noting that such bank facilities usually include specific pledges, guarantees, repayment terms and interest. For further information about the Company's bank facilities, please refer to Section 2.1.26 ("Risks Related to the Company's and Affiliated Investment Funds' Existing Financial Facilities").

In addition, under Article 71 of the Companies Law, any transactions in which a member of the Company's Board of Directors has an interest must be presented to the General Assembly for approval. Board members are prohibited from participating in discussions related to approving such transactions. The voting restrictions imposed on General Assembly approvals under Article 71 of the Companies Law prevent any current Board member from voting on related resolutions at the level of the Board of Directors and also at the General Assembly. The total value of transactions in which a member of the Board of Directors had an interest amounted to SAR 187,231,844, SAR 89,940,872, SAR 123,983,088, SAR 127,840,188 and SAR 0 for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively. The Ordinary and Extraordinary General Assemblies approved all transactions and contracts with the Company's Related Parties that required General Assembly approval under the Companies Law and the Corporate Governance Regulations on 27/11/1445H (corresponding to 04/06/2024G), 24/01/1446H (corresponding to 30/07/2024G), and 04/04/1446H (corresponding to 07/10/2024G). (For further information, please refer to Section 12.8 "Transactions and Contracts with Related Parties" of this Prospectus).

We would like to point out that under the previous Companies Law, which remained in effect until the beginning of 2023G, limited liability companies were not required to obtain approvals for Related Party Transactions. Since the Company was converted from a limited liability company to a closed joint-stock company on 22/08/1444H (corresponding to 13/04/2023G), it was not obligated to obtain approvals for Related Party Transactions during the financial years ended 31 December 2021G and 31 December 2022G.

There is a future risk that the Company's Board or the General Assembly may not agree on the approval of similar transactions, in which case the Director who is deemed to be interested in the transaction shall resign, or take steps to ensure that he/she is no longer deemed to be interested (for example by terminating the relevant contract or disposing of the rights creating the interest). This termination may affect the Company's profitability, and in turn affect its business, results of operation, financial position, and future prospects.

2.1.22 Risks Related to Some Members of the Board of Directors Engaging in Business that Competes with that of the Company

Some members of the Company's Board of Directors own companies engaged in real estate development. The activities of these companies may be similar to the Company's business or directly or indirectly competing therewith, which may lead to a conflict of interest between the business of the concerned Board member and the Company's business. The Extraordinary General Assembly, held on 27/11/1442H (corresponding to 01/30/2021G) and the Ordinary General Assembly held on 04/04/1446H (corresponding to 07/10/2024G) and 13/08/1446H (corresponding to 12/02/2025G) approved the participation of Board members: Khaled bin Abdulrahman bin Nasser AlMajed, Abdulsalam bin Abdulrahman bin Nasser AlMajed and Abdulaziz bin Mohammed bin Abdulaziz AlMousa, Nasser bin Abdulrahman bin Nasser AlMajed, and Majed bin Abdulrahman bin Nasser AlMajed in business similar or competing with that the Company's business through membership on their boards of directors or contribution to the capital thereof. The Ordinary General Assembly held on 29/02/1446H (corresponding to 02/09/2024G) also approved the participation of Executive Committee member Hussam bin Abdulrahman bin Nasser AlMajed in business similar or competing with that the Company's business through his membership on the Board of Directors or participation in the capital thereof. The participation of members of the Board of Directors in competing business is subject to approval by the Ordinary General Assembly under Article 44 of the Corporate Governance Regulations and in accordance with Article 27 of the Companies Law. It is also obligatory for any member of the Board of Directors involved in business competing with that of the Company not to participate in voting on resolutions related thereto. Among the potential risks, the Board of Directors or the General Assembly may not agree to the participation of members of the Board of Directors in business competing with that of the Company; in which case, the member of the Board of Directors who is the stakeholder in such a transaction must resign or take measures to ensure divesting from such an interest (for example, in the termination of the relevant contract or assignment of rights arising from said interest) (for further details on Board member participation in business competing with that of the Company, please refer to Section 5.6 ("Conflict of Interest").

These members have an influence on the Company's decisions, and sometimes their interests may not be consistent with those of the Company, and no guarantees can be given that they will not use their influence or access to the Company's information and strategies to compete therewith in the future, which may affect the Company's competitive position. In addition, having competing projects may affect their interest in the Company or them providing opportunities for the Company and not for other companies in which they work or hold shares. As at the date of this Prospectus, none of the Board members, senior executives or current shareholders are party to any agreement, arrangement or understanding under which they are subject to any obligation preventing them from competing, or any similar obligation in relation to the business of the Company. In the event that shareholders or members of the Board of Directors do not comply with the requirements of continuous disclosure, said eventuality will have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.1.23 Risks Related to the Company's Reliance on its Senior Management and Key Personnel

The Company's success depends upon the continued service and performance of its senior management and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company has made great efforts to develop its senior management team. The Company relies on a number of key individuals in its senior management team (please refer to Section 5.3 "**Senior Management**" of this Prospectus) who have valuable experience in real estate development and who have made substantial contributions to the development of the Company's operations and expansion. Competition for senior management and key employees in the real estate industry is intense, and the Company cannot guarantee that it will be able to retain its personnel or attract new, suitably qualified personnel.

It is also worth noting that the employment contract between the Company and the CEO, dated 30/09/2024G, includes a clause granting the CEO the right to receive 1% of the Company's profits, subject to performance methodologies and targets approved by the Board of Directors. Additionally, the employment contract between the Company and the Managing Director, dated 01/07/2024G, includes a clause granting the Managing Director the right to receive 3.5% of the Company's profits.

The Company may need to invest significant financial and human resources to attract and retain new executives or senior employees and may not generate returns for these investments. The loss of the services of members of the Company's senior management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking certain qualified replacements or adversely affect its ability to manage its business effectively. Senior management members, as well as key employees, may resign at any time. If the Company loses the ability to hire and retain key senior management or employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company's business, results of operations, financial position, and future prospects.

2.1.24 Risks Related to Employee Misconduct or Wrongdoing

The Company's employees may commit acts or mistakes that negatively affect the Company's business, such as engaging in illegal activities, misusing information, disclosing confidential information, spreading misleading information, or violating the Company's internal controls, which may result in a violation of any of the laws or regulations in force in the Kingdom, potentially leading to the imposition of statutory penalties on the Company by the competent authorities. These penalties may vary based on the extent of the employee's misconduct or mistake incurring financial responsibility or damaging the Company's reputation. The Company may not be able to prevent its employees from engaging in misconduct as there is no guarantee that the Company's employees will adhere to its internal policies, which will cause losses, fines and financial burdens, or damage to the Company's reputation as the Company's internal governance and compliance policies (including in relation to penalties, trade restrictions, anti-bribery and corruption, employee conduct and whistleblowing policies in relation thereto) may not be sufficient to protect the Company from any wrongdoing committed by its employees. Any fines, penalties or claims may affect the profitability of the Company and negative publicity regarding employee misconduct may adversely affect the Company's reputation and revenue. In the event of any misconduct committed by the Company's employees or them committing any mistakes, this will negatively and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.25 Risks Related to Financing Joint Ventures, Development Projects and Future Financing

The Company's business is focused on real estate development, which requires large amounts of financing, as there is no guarantee that self-financing sources may be sufficient. Therefore, the Company may need to obtain loans and bank facilities to finance the development of its projects in the future. For further information on the Company's sources of funding Company and its projects, please refer to 12.6.2 ("**Funding Sources for the Company's Projects**") and Section 9 ("**Capitalization and Indebtedness**") of this Prospectus. Moreover, the Company may need additional funds to address the challenges it may face in the course of its business operations, or to implement its growth strategy, increase its market share across its current markets, expand into other markets, or expand its product offering. The cash generated from operations and the Company's existing financial resources may not be sufficient to fund this growth strategy. Accordingly, the Company may seek to raise additional capital or incur additional indebtedness. The Company may face challenges in securing additional financing or refinancing its existing loans when needed, due to various reasons, including failure to comply with its obligations under current or future financing arrangements. Additionally, the Company's ability to secure financing depends on its capital, financial position, cash flows, credit history, and the collateral provided. The Company does not warrant or guarantee its ability to finance its projects through internal cash resources or secure financing from banks when required in the future. Consequently, if the Company is unable to finance its projects through internal cash resources or secure the necessary funding from financial institutions, or if it cannot obtain financing on favorable and acceptable terms that align with its needs, this would have a negative impact on the Company's performance, operational activities, future plans, and financial position.

An increase in indebtedness may expose the Company to additional risks. For example, an increase in the indebtedness of the Company may restrict its ability to make strategic acquisitions or cause it to make non-

strategic divestitures to sell or dispose of assets, as well as limit its ability to obtain additional financing. In addition, as the Company has relatively high fixed costs, it may have greater difficulty servicing higher debt levels. In addition, documentation pertaining to indebtedness of the Company typically includes covenants that restrict the operations of the Company.

If the Company fails to obtain adequate debt on a timely basis or on terms satisfactory to the Company, or if the Company becomes unable to service its debt repayments as they fall due, this will adversely affect the Company's ability to sustain its operations or achieve its planned rate of growth, which would adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.26 Risks Related to the Company's and Affiliated Investment Funds' Existing Financial Facilities

The Company and affiliated investment funds have entered into banking facility agreements with AlRajhi Bank, Banque Saudi Fransi, Arab National Bank, Riyadh Bank, and Amlak Real Estate Finance. The loans were mainly obtained to develop projects owned by the Company, where the land and constructed projects financed by the loans are held as collateral by the lending bank.

Additionally, Emmar Opportunities Real Estate Company (Single Person Company), a special purpose entity associated with the AlMajdiah Investment Fund, has entered into a facilities agreement with Arab National Bank to finance investments in income-generating assets and to develop projects or invest in other real estate investment funds. Real Estate Construction Opportunities Company, a special purpose entity associated with AlDar Investment Fund, has also entered into a facilities agreement with Riyadh Bank. Notably, Real Estate Construction Opportunities Company is required to provide a mortgage on the financed valued at no less than 150% of the total financing amount.

The Company is party to the following financial facilities:

- a. Facilities agreement between AlRajhi Bank and the Company (formerly Nasser and Abdulsalam Abdulrahman AlMajed Real Estate Company) dated 28/04/2021G, for a total amount of SAR 670,000,000, which was renewed on 23/08/2022G to increase the total available facilities to SAR 720,000,000 ("**AlRajhi Bank Facilities**"). As at 30/09/2024G, a total of SAR 256,388,265 has been utilized as follows:
 - Sublimit of the main limit (a): A deferred sale facility of SAR 675,000,000. The facility is being used to finance 75% of the acquisition, development, and construction of a new residential project. The amount utilized is SAR 211,388,265 as at 30/09/2024G, at a profit margin rate of 6-month SAIBOR + 2% annually.
 - Sublimit of the main limit (a): A deferred sale facility of SAR 45,000,000 to finance the Company's general working capital requirements. The amount utilized is SAR 45,000,000 as at 30/09/2024G, at a profit margin rate of SAIBOR + 2.5% annually.
 - AlRajhi Bank reserves the right, from time to time and at its sole discretion, to amend any of the provisions of the financing documents and modify the facilities, including adjusting the profit margin on any unused portion of the facility limit, as deemed appropriate thereby. Under the AlRajhi Bank's facilities, the Company undertakes:
 - To assign the revenue of each project in favor of AlRajhi Bank.
 - Not to obtain any loans or provide any credit (except in the ordinary course of business), or offer any guarantees or indemnities (except as required under AlRajhi Bank's facilities) for the benefit of any person, without obtaining prior written consent from AlRajhi Bank. Additionally, not to pledge or allow any financial encumbrance on any of its current or future revenue or assets, except for the permitted financial encumbrances.
 - Not to (and to ensure that no member of the Group will) issue any new shares, change the rights attached to its shares, or make any changes to its capital without obtaining prior written consent from AlRajhi Bank.
 - To notify the Bank of any changes in the ownership of the issued capital.
 - To obtain written approval from AlRajhi Bank for any change in the Company's capital. The Company received AlRajhi Bank's approval on 06/06/2024G regarding the Offering.
 - To provide any additional guarantees requested by AlRajhi Bank at any time at its sole discretion, which the Company undertakes to provide upon request.
 - Non-pledging, whereby the Company guarantees that no financial encumbrance will be placed on any current or future revenue or assets, except for permitted financial encumbrances.

The AlRajhi Bank Facilities are secured by:

- A real estate mortgage agreement in favor of AlRajhi Bank, covering 100% of the facility value at the time of granting and no less than 150% coverage upon project completion.

- Corporate guarantees from Taj AlHodou Real Estate Development & Investment Company, Fikrat Istithmar Real Estate Development & Investment Company, Nibras AlAmaken Real Estate Development Company, Jadat AlShat'e Real Estate Company, AlRaeah Real Estate Company, Hussam and Majed AlMajed Real Estate Company, and Mohammed and Khaled AlMajed Real Estate Company.
- The Company undertakes to provide mortgages on properties in favor of AlRajhi Bank with 100% coverage of the deferred sale facility (SAR 45,000,000) and mortgaging units owned in AlDar Investment Fund equivalent to the outstanding balance of the deferred sale facility (SAR 45,000,000).
- To assign the revenue of each project in favor of AlRajhi Bank.

The agreement also includes standard default events, such as failure to pay any amounts when due or if any covenant or warranty is found to be inaccurate, among others. Upon an event of default and notification by the Bank to the Company, the following actions may be taken: (a) cancel the available facility and/or (b) require the Company to immediately pay all outstanding amounts due and/or (c) request the Company and its guarantors to secure funds in an account designated by AlRajhi Bank as cash coverage to meet the Company's obligations and/or (d) exercise any of the Bank's rights or corrective measures and (e) set off and/or (f) sell any of the Company's assets held by or under the control of the Bank and/or (g) sell any real estate or movable property provided by the Company and/or (h) seize an amount equivalent to all outstanding amounts owed by the Company.

- Facilities agreement between Masar for Finance and the Company (formerly Nasser and Abdulsalam Abdulrahman AlMajed Real Estate Company) dated 02/04/2024G for a total amount of SAR 177,000,000 ("**Masar for Finance Facilities**"), at a profit margin rate of 5.5% annually, with a total amount of SAR 173,150,000 used from the facility as at 30/09/2024G. The purpose of this facility is to finance the development of three residential real estate projects.

Under the Masar for Finance Facilities, if the Company delays the utilization of all or part of the facilities within the usage period, Masar for Finance may suspend or cancel the granting of facilities at its discretion. Masar for Finance also reserves the right to suspend, cancel, or reduce the facilities at any time at its absolute discretion, without prior notice to the Company, and to demand the repayment of all outstanding amounts and expenses.

Additionally, Masar for Finance has the right to adjust the profit margin on any unused portion of the facility limit from time to time as it deems appropriate.

The facility agreement is secured by real estate guarantees with a coverage ratio of no less than 130% of the total financing value. Masar for Finance has the right to request additional guarantees from the Company at any time at its sole discretion, which the Company undertakes to provide upon request.

The agreement includes standard default events, such as failure to pay any amounts when due or if any covenant or warranty is found to be inaccurate. It also grants Masar for Finance the right to terminate the agreement if any situation arises that is deemed to have a material and adverse impact on the Company's operations, financial position, or activities, or those of the guarantors. Upon notifying the Company, Masar for Finance may: (a) Cancel the available facility; (b) Demand immediate payment of all outstanding amounts by the Company; (c) Demand that the Company and its guarantors to make a cash deposit into the account specified by Masar for Finance to cover the Company's obligations.

The Company shall notify and obtain approval from Masar for Finance before making any changes to its legal status and/or ownership. The Company received approval from Masar for Finance on 01/10/2024G, agreeing to the Offering and waiving the termination clause of the agreement.

- Facilities agreement between Banque Saudi Fransi and the Company dated 19/11/2023G for a total amount of SAR 550,000,000 ("**Banque Saudi Fransi Facilities**"), at a profit margin rate of 6-month SAIBOR + 1.5% annually; of which SAR 208,485,600 had been utilized as at 30/09/2024G. The purpose of this facility is to finance the purchase of land, the development of real estate projects, and Islamic interest rate hedging.

Under the facilities provided by Banque Saudi Fransi, the Company undertakes:

- Not to make any changes to the individuals controlling the Company, merge with other entities, restructure, or alter the capital structure of the Company through the issuance, creation, or guarantee of debt, or the issuance of (i) preferred shares or securities convertible into or exchangeable for debt or preferred shares, or (ii) any equity rights for entities other than corporations.
- To notify and obtain the approval of Banque Saudi Fransi before making any changes to its legal status and/or ownership. The Company received approval from Banque Saudi Fransi on 29/09/2024G, agreeing to the Offering.

- Provide a promissory note valued at SAR 550,000,000 upon demand.
- Ensure that financial leverage does not exceed 1.8x.

Banque Saudi Fransi has the right, without the need to notify the Company or obtain its approval, to consolidate or unify the accounts and deduct any amounts from these accounts to settle the Company's obligations to the Bank, which also has the right to withdraw or cancel all or any part of the financing, reduce the approved limit, adjust margin rates, increase the required cash collateral if any, and demand the repayment of all financing, including the margin, within a maximum period of 15 days upon written notice to the Company.

The Bank also reserves the right not to renew the financing if the Company refuses to cooperate in registering the guarantees.

It should be noted that the facilities with Banque Saudi Fransi are subject to a debt service coverage ratio (DSCR) of 125% for the duration of the loan facility agreement.

The Banque Saudi Fransi Facilities are secured by:

- Mortgaged property deeds covering at least 110% of the total financing value.
- Assignment of project revenue if the project is with the Ministry of Housing, the National Housing Company, or owned by the Company.

The agreement includes standard default events, such as failure to pay any amounts when due or if any covenant or warranty is found to be inaccurate. Upon notification to the Company, the following actions may be taken: (a) terminate Banque Saudi Fransi's obligations under this agreement, and (b) declare that the deferred price has become immediately due and demand the Company to pay all outstanding amounts.

- Facilities agreement between Riyadh Bank and the Company dated 05/09/2023G for a total amount of SAR 500,000,000 ("**Riyad Bank Agreement**") at a profit margin rate of 6-month SAIBOR + 1.5% annually, of which SAR 12,383,000 had been utilized as at 30/09/2024G. The purpose of this facility is to finance 75% of the total purchase price of land and construction costs for two projects.
- Riyad Bank may seize any amount, negotiable instruments, documents, or any funds in its possession to cover unpaid outstanding amounts.

Under the Riyadh Bank agreement, the Company undertakes:

- Not to make any changes to its legal form, partners, their responsibilities, its capital, liabilities to third parties, business activities, capacity, or any other matters that may affect the validity of the Riyadh Bank agreement.
- To notify Riyadh Bank immediately upon making any of these changes. The Company obtained written approval from Riyadh Bank for the Offering on 13/10/2024G.
- To pay a penalty of 10% on the total outstanding amount owed by the Company if the latter delays payment of any installment for 15 days past its due date, following notification to the Company.

The Riyadh Bank Agreement is secured by:

- A real estate mortgage on the funded property, covering no less than 133% of the total financing value.
- Assignment of project revenue or income-generating property revenue to the intermediary account.

The agreement includes standard default events, such as failure to pay any amounts when due or if there is a legal action or proceeding for the liquidation of the Company or the appointment of a judicial receiver. In the event of a default, all installments become immediately due and payable (Article 11). Any Company decisions to change its legal structure or to merge require prior written approval from Riyadh Bank to avoid constituting an event of default.

For further information on the Company's facility agreements, please refer to Section 12.9 ("**Credit Facilities and Contracts**"), Table 12.46 ("**Facility Agreement between AlRajhi Banking & Investment Corporation and Dar AlMajed Real Estate Company dated 23/08/2022G with a total value of SAR 720,000,000**") and Table 12.47 ("**Facility Agreement between Masar for Finance and Dar AlMajed Real Estate Company dated 02/04/2024G with a total value of SAR 177,000,000**") of this Prospectus.

In addition to the above, the above facility agreements provide various provisions to safeguard the interests of the lenders. For example, both AlRajhi Bank, Masar for Finance, and Riyadh Bank, under their respective facilities, have the right to request additional guarantees from the Company at any time at their sole discretion, and the Company undertakes to provide such guarantees upon request.

AlRajhi Bank and Masar for Finance also have the right, from time to time and at their sole discretion, to individually amend any provisions of the financing documents and modify the facilities. Lenders also have the right to adjust the mark-up. Moreover, under the AlRajhi Bank and Riyadh Bank Facilities, the Company warrants not to obtain any loans, grant any credit (except in the ordinary course of business), or provide any guarantee or indemnity for the benefit of any person without obtaining prior written consent from AlRajhi Bank or Riyadh Bank. These facilities include customary conditions, such as a negative pledge, where the Company guarantees that no financial encumbrance will be placed on any of the current or future revenue or assets, except for permitted financial encumbrances.

In the event that the Company breaches any of its obligations under the documents related to the aforementioned facilities, the lender has the right to demand the repayment of all outstanding amounts from the Company, considering them immediately due. The lender may also enforce its rights over the mortgaged assets (see Risks 2.124 below). Additionally, such a breach could lead to a demand for repayment under the guarantees provided by the Company and its subsidiaries (for further details on the guarantees, please refer to Section 12.9 ("**Credit Facilities and Contracts**") of this Prospectus).

Moreover, it is worth noting that there are several guarantees in favor of the lenders, which include:

- a. The guarantees under the AlRajhi Bank Facilities provided by: (i) a real estate mortgage agreement in favor of AlRajhi Bank with 100% coverage of the facility value at the time of granting and coverage of no less than 150% upon project completion. (ii) Corporate guarantees provided by: (a) Taj AlHodou Real Estate Development & Investment Company; (b) Fikrat Istithmar Real Estate Development & Investment Company; (c) Nibras AlAmaken Real Estate Development Company; (d) Jadat AlShat'e Real Estate Company; (e) AlRaeah Real Estate Company; (f) Hussam and Majed AlMajed Real Estate Company; and (g) Mohammed and Khaled AlMajed Real Estate Company. (iii) A mortgage on real estate in favor of AlRajhi Bank with 100% coverage of the value of the deferred sale facility (SAR 45,000,000), and a mortgage on real estate units owned in AlDar Investment Fund in favor of AlRajhi Bank, equivalent to the outstanding balance of the deferred sale facility (SAR 45,000,000), and (iv) an assignment of the revenue of each project in favor of AlRajhi Bank.
- b. The guarantees under the Masar for Finance Facilities: A real estate mortgage (real estate guarantees of no less than 130% of the total financing value).
- c. The guarantees under the Banque Saudi Fransi Facilities: Mortgaged property deeds covering at least 110% of the total financing value; assignment of project revenue if the project is with the Ministry of Housing, the National Housing Company, or owned by the Company.
- d. The guarantees under the Riyadh Bank Facilities: (i) A real estate mortgage on the financed property, covering no less than 133% of the total financing value, and (ii) the assignment of project revenue or income-generating property revenue to the intermediary account.

It should be noted that if any of the guarantors withdraw their guarantees, fail to renew them, or if these guarantees expire or become invalid for any reason, the latter will be considered a breach by the Company under the facilities, granting the lenders the right to demand immediate repayment of the outstanding amounts.

If any of the aforementioned risks materialize, it will have a negative impact on the Company's business, results of operations, financial position, and future prospects.

In addition to the above, Emmar Opportunities Real Estate Company (Single Person Company), and Jawhara Opportunity Real Estate Company have signed the following agreements:

- a. Emmar Opportunities Real Estate Company (Single Person Company): An agreement for a loan from Arab National Bank dated 05/10/2023G for SAR 200 million, which was increased to SAR 400 million pursuant to an acknowledgment of the increase and an amendment to the credit facilities on 01/04/2024G ("Arab National Bank Agreement") to finance investments in income-generating assets, project development, or investment in other real estate funds, with a SAIBOR +25% margin.

Emmar Opportunities Real Estate Company (Single Person Company) undertakes to maintain its financial, administrative, and legal status, ownership of the establishment, and business activities. The company also undertakes not to declare or pay any dividends to partners/shareholders or repay any loans to partners/shareholders in the event of any default (noting that these obligations fall on Real Estate Construction Opportunities Company (Single Person Company) and not the Company).

The Arab National Bank Agreement is secured by:

- A promissory note for SAR 400 million.
- A real estate mortgage for 150% of the drawn tranche of financing.
- Assignment of income from units and mortgaged properties to the bank.

Arab National Bank has the right to request additional guarantees from Emmar Opportunities Real Estate Company (Single Person Company), which undertakes to provide them upon request in a form acceptable to the Bank. If there are buildings on the mortgaged properties, Emmar Opportunities Real Estate Company (Single Person Company) is required to insure the buildings at its own expense for the duration of the financing. The insurance policy must be issued by approved insurance companies, cover the full value of the insured buildings, and be endorsed in favor of the bank as the first beneficiary.

The agreement includes standard default events, such as failure to pay any amounts when due or upon any change in the ownership or control of Emmar Opportunities Real Estate Company (Single Person Company) or if any covenant or warranty is found inaccurate. Without notification, the Bank may: (a) cancel the facilities and consider the outstanding balance, including accrued amounts arising under this agreement, due immediately and (b) declare the deferred price immediately due and demand payment of all outstanding amounts.

- b. Real Estate Construction Opportunities Company: A facility agreement with Riyadh Bank dated 07/02/2021G for a total amount of SAR 655,000,000 ("Riyad Bank Agreement for Real Estate Construction Opportunities Company") with an annual profit margin of SAIBOR +2%, fully settled on 21/08/2023G.

Under the Riyadh Bank Agreement, Real Estate Construction Opportunities Company is prohibited from making any changes to its legal form, partners, responsibilities, capital, obligations to others, business activity, eligibility, or any other aspect that may impact the validity of the Riyadh Bank Agreement. The Company must notify Riyadh Bank immediately upon making any such changes (noting that these obligations fall on Real Estate Construction Opportunities Company and not the Company). If Real Estate Construction Opportunities Company delays payment of any installment for 15 days beyond its due date, it will be required to pay a late fee of 10% of the outstanding amount. Riyadh Bank may also seize any amount, negotiable instruments, or other assets in its possession to cover outstanding unpaid amounts.

The agreement includes standard default events, such as non-payment, any legal action for the liquidation of Real Estate Construction Opportunities Company, or the appointment of a judicial receiver. In the event of a default, all remaining installments become immediately due. Decisions by Real Estate Construction Opportunities Company to change its legal form or merge require prior written approval from Riyadh Bank to avoid constituting an event of default.

The Riyadh Bank Agreement is secured by a real estate mortgage for the financed property, covering at least 150% of the total financing.

As of 30 September 2024G, the total value of facilities between banks and the company was SAR 1,947,000,000, with SAR 750,406,865 utilized. Total facilities with AIMajdiah Investment Fund and AlNarjis Fund amounted to SAR 400,000,000, with SAR 313,550,248 utilized.

2.1.27 Risks Related to Mortgages

A number of plots of land owned by the Company, as well as plots of land under development in the Company's projects, are mortgaged to financiers as collateral for the Company's debts or the debts of the property-owning companies in the projects where the Company acts as the project developer. These include, for example, the following owned plots of land:

Table 2.2: Mortgaged Land

No	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged
Ongoing Projects							
1	Plots no. 252, 253, 254, 255, 256, 257, 258, 259, 260 from Plan No. 3175 in Al-Malqa District, Riyadh	139c	593523004052	19/09/1443H (corresponding to 20/04/2022G)	13,500 sqm	Second Real Estate Development Co.	Mortgaged in favor of Arab National Bank for SAR 600,000,000
2	Plots no. 123/143/2, 123/144/4, 123/144/5, 123/144/3 from Plan No. 3175 in Al-Aqiq District, Riyadh	145	9107807004574	17/10/1443H (corresponding to 18/05/2022G)	9,240 sqm	Second Real Estate Development Co.	Mortgaged in favor of Arab National Bank for SAR 600,000,000

No	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged
3	Plots no. 35, 31, 33, 28, 29, 34, 30, 32, 40, 36, 28, 37, 39 from Plan No. 3/3236 in Narjis District, Riyadh	147	910135000493	10/02/1444H (corresponding to 06/09/2022G)	26,793.33 sqm	Dawr Alshamal Real Estate Company	Mortgaged in favor of Riyad Bank for SAR 158,000,000
4	Plots no. 7, 8, 9, 10, 11, 12 plan no. 7/3236 in Narjis District, Riyadh	148	798507030438	29/02/1444H (corresponding to 25/09/2022G)	16,696 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Development Company for SAR 75,000,000
5	Plot no. 2 of block 2771/A, AlNarjis, Riyadh	151	999684001188	27/09/1443H (corresponding to 28/04/2022G)	184,310.11 sqm	Jawhara Real Estate Construction Opportunities Company	Mortgaged in favor of Banque Saudi Fransi for SAR 230,000,000.
6	Plot no. 1, 2, 3, 4, 5, block 1 plan no. 3/3236 in Al Narjis, Riyadh	154	710805008201	07/12/1443H (corresponding to 06/07/2022G)	14,323.45 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al-Rajhi Banking Investment Company for SAR 88,160,676.
7	Plot No. 3361, Plan No. 1/3203, Al-Farouq District, Riyadh	160	394731001680	05/08/1445H (corresponding to 15/02/2024G)	1,733.53 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,720,649
8	Plot No. 3362, Plan No. 1/3203, Al-Farouq District, Riyadh	160	394731001679	05/08/1445H (corresponding to 15/02/2024G)	1,730.59 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,537,888
9	Plot No. 3363, Plan No. 1/3203, Al-Farouq District, Riyadh	160	494731001676	05/08/1445H (corresponding to 15/02/2024G)	1,727.65 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,528,480
10	Plot No. 3364, Plan No. 1/3203, Al-Farouq District, Riyadh	160	394731001677	05/08/1445H (corresponding to 15/02/2024G)	1,724.71 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,519,072
11	Plot No. 3365, Plan No. 1/3203, Al-Farouq District, Riyadh	160	294731001681	05/08/1445H (corresponding to 15/02/2024G)	1,721.77 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,509,664
12	Plot No. 3366, Plan No. 1/3203, Al-Farouq District, Riyadh	160	794731001675	05/08/1445H (corresponding to 15/02/2024G)	1,718.83 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,500,256
13	Plot No. 3367, Plan No. 1/3203, Al-Farouq District, Riyadh	160	994731001682	05/08/1445H (corresponding to 15/02/2024G)	1,715.89 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,490,848
14	Plot No. 3368, Plan No. 1/3203, Al-Farouq District, Riyadh	160	394731001674	05/08/1445H (corresponding to 15/02/2024G)	1,712.95 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,481,440
15	Plot No. 3369, Plan No. 1/3203, Al-Farouq District, Riyadh	160	394731001678	05/08/1445H (corresponding to 15/02/2024G)	1,710 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,490,848
16	Plot No. 3370, Plan No. 1/3203, Al-Farouq District, Riyadh	160	994731001673	05/08/1445H (corresponding to 15/02/2024G)	1,689.04 sqm	Al Nakheel Golden Real Estate Fund	Mortgaged in favor of Bank AlJazira for SAR 5,573,832

No	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged
17	Plot no. 414, 415, 883, and 884 of plan no. G/2593	162	798507041213	15/02/1445H (corresponding to 31/08/2023G)	2,703 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Development Company for SAR 83,367,0375
18	Plot no. 421 plan no. 689, AlSulaimaniya, Riyadh	165	398507042919	21/05/1445H (corresponding to 30/04/2024G)	9,982 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Banking and Investment Corporation. for SAR 74,632,500
19	Plot no. 11 plan 4, AlAsima, Diriyah	169	360001289081	29/08/1445 (corresponding to 10/03/2024G)	3,028.95	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000
20	Plot no. 12 plan 4, AlAsima, Diriyah	169	760001289121	29/08/1445 (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000
21	Plot no. 13 plan 4, AlAsima, Diriyah	169	360001289100	29/08/1445 (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000
22	Plot no. 14 plan 4, AlAsima, Diriyah	169	760001289120	29/08/1445 (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000
23	Plot no. 15 plan 4, AlAsima, Diriyah	169	760001289102	29/08/1445 (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000
24	Plot no. 16 plan 4, AlAsima, Diriyah	169	460001289105	29/08/1445 (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000
25	Plot no. 17 plan 4, AlAsima, Diriyah	169	860001289118	29/08/1445 (corresponding to 10/03/2024G)	3,110.64 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000
26	Plot no. 18 plan 4, AlAsima, Diriyah	169	560001289103	29/08/1445 (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000
27	Plot no. 19 plan 4, AlAsima, Diriyah	169	360001289106	29/08/1445 (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000
28	Plot no. 240 plan 2357, Al-Arid District, Riyadh, Kingdom of Saudi Arabia	Future Project	99902005802	26/12/1445H (corresponding to 02/07/2024G)	8,195 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Investment Company for SAR 72,474,786

No	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged
29	Plot no. 787/5, plan 2113/B, Al Nakheel District, Riyadh, Kingdom of Saudi Arabia	170	499020004116	16/09/1445H (corresponding to 26/03/2024G)	500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Investment Company for SAR 27,452,093
30	Plot no. 2/787, plan 2113/B, Al Nakheel District, Riyadh, Kingdom of Saudi Arabia	170	399020004115	16/09/1445H (corresponding to 26/03/2024G)	500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Investment Company for SAR 27,452,093
31	Plots no. 787/1 and 787/4, Plan 2113/B, Al Nakheel District, Riyadh, Kingdom of Saudi Arabia	170	599020004114	16/09/1445H (corresponding to 26/03/2024G)	1,200 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Investment Company for SAR 27,452,093
32	Plots no. 31, 32, and 33, Plan No. 3229, Al-Yasmin District, Riyadh, Saudi Arabia	131	760001390828	15/01/1445H (corresponding to 21/07/2024G)	7,420.91 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 99,900,000
33	Plot no. 296/7, Plan No. Q/B/2320, Al-Rahab District, Buraidah, Saudi Arabia	157	360001322879	25/10/1445H (corresponding to 04/05/2024G)	4,946.21 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 3,539,213
34	Agricultural Plot no. 8, Al-Adl District, Al-Uyaynah, Saudi Arabia	141	760001323403	26/10/1445H (corresponding to 05/05/2024G)	20,000 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 14,756,339
35	Plots no. 628, 627, 629, 630, 631, 632, 633, 634, 635, 636, Plan No. 3057, Al-Malqa District, Riyadh, Saudi Arabia	178	760001404354	25/01/1446H (corresponding to 31/07/2024G)	12,569.61 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Riyad Bank for SAR 87,383,000
36	Plot no. 83/1, Plan no. 2925, Al-Rafiah District, Riyadh, Saudi Arabia	166	481955000553	25/10/1445H (corresponding to 04/05/2024G)	2,750 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 11,176,446
37	Plot no. 79/1, Plan No. 2925, Al-Rafiah District, Riyadh, Saudi Arabia	166	881955000554	25/10/1445H (corresponding to 04/05/2024G)	2,755.82 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 11,176,446

No	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged
38	Plot no. 81/1, Plan no. 2925, Al-Rafiah District, Riyadh, Saudi Arabia	166	781955000555	25/10/1445H (corresponding to 04/05/2024G)	2,711.43 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 11,176,446
39	Plot no. 3380, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	360001322886	25/10/1445H (corresponding to 04/05/2024G)	1,842.25 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230
40	Plot no. 3377, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	260001322887	25/10/1445H (corresponding to 04/05/2024G)	1,683.74 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230
41	Plot no. 3373, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	660001322888	25/10/1445H (corresponding to 04/05/2024G)	1,695.5 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230
42	Plot no. 3376, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	360001322882	25/10/1445H (corresponding to 04/05/2024G)	1,686.68 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230
43	Plot no. 3375, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	560001322883	25/10/1445H (corresponding to 04/05/2024G)	1,689.62 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230
44	Plot no. 3372, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	360001322890	25/10/1445H (corresponding to 04/05/2024G)	1,698.44 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230
45	Plot no. 3374, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	260001322892	25/10/1445H (corresponding to 04/05/2024G)	1,692.56 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230
46	Plot no. 3378, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	660001322893	25/10/1445H (corresponding to 04/05/2024G)	1,680.8 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230

No	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged
47	Plot no. 3371, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	460001322891	25/10/1445H (corresponding to 04/05/2024G)	1,853.68 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230
48	Plot no. 3379, Plan no. 1/3203, Al-Farouq District, Riyadh, Saudi Arabia	163	860001322896	25/10/1445H (corresponding to 04/05/2024G)	1,677.86 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230
49	Plot no. 365, Plan no. 4, Al-Asimah District, Diriyah, Saudi Arabia	172	381885003993	16/01/1446H (corresponding to 22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000
50	Plot no. 363, Plan no. 4, Al-Asimah District, Diriyah, Saudi Arabia	172	281885003994	16/01/1446H (corresponding to 22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000
51	Plot no. 368, Plan no. 4, Al-Asimah District, Diriyah, Saudi Arabia	172	981885003996	16/01/1446H (corresponding to 22/07/2024G)	1,955.06 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000
52	Plot no. 364, Plan no. 4, Al-Asimah District, Diriyah, Saudi Arabia	172	381885003995	16/01/1446H (corresponding to 22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000
53	Plot no. 366, Plan no. 4, Al-Asimah District, Diriyah, Saudi Arabia	172	981885003998	16/01/1446H (corresponding to 22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000
54	Plot no. 367, Plan no. 4, Al-Asimah District, Diriyah, Saudi Arabia	172	881885003999	16/01/1446H (corresponding to 22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000
55	Plot no. 123/144/6, Plan no. 2837, Al-Aqiq District, Riyadh, Saudi Arabia	145 (Approved for offices)	398507019378	20/08/1443H (corresponding to 23/03/2022G)	5,880 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Development Company for SAR 45,000,000
56	Plot no. 8, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	8605628718300000	03/04/1446H (corresponding to 06/10/2024G)	1560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000
57	Plot no. 5, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	3079894813300000	03/04/1446H (corresponding to 06/10/2024G)	1,997 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000
58	Plot no. 9, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	2159378731100000	02/04/1446H (corresponding to 05/10/2024G)	1,560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000

No	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged
59	Plot no. 11, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	8482658616100000	02/04/1446H (corresponding to 05/10/2024G)	1,560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000
60	Plot no. 12, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	9403564353200000	02/04/1446H (corresponding to 05/10/2024G)	1,560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000
61	Plot no. 6, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	381885003988	16/01/1446H (corresponding to 22/07/2024G)	2,660 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000
62	Plot no. 15, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	9573319481000000	08/05/2024G	1,886.32 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000
63	Plot no. 10, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	8561510926300000	08/05/2024G	1,560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000
64	Plot no. 14, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	4292329594400000	08/05/2024G	1,560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000
65	Plot no. 13, Block no. 23, Plan no. 3260, Al-Nada District, Riyadh, Saudi Arabia	174	6178157655900000	08/05/2024G	1,560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000

For further information about the Company's real estate holdings, please refer to Section 12.7 ("Real Estate") of this Prospectus.

If the Company or the property-owning companies in the projects where the Company acts as the project developer fail to comply with the terms of the credit facilities secured by the mortgaged lands, the financier may enforce the mortgage and sell the land to settle the debt; which sale may occur at an inappropriate or unfair price, at an unfavorable time, or may cause a disruption in the business and development of the land subject to enforcement. All of these risks, if they materialize, will have a material negative impact on the Company's business, financial position, results of operations, and future prospects.

2.1.28 Risks Related to Liquidity

Liquidity risks are represented by the difficulties the Group faces in providing the necessary funds to meet its obligations. Liquidity risks arise from the lack of sufficient cash for the Company to manage its operations, execute its strategy, and fulfill its obligations. The Company's liquidity ratio was 43%, 33%, 15%, and 23% for the financial years ended 31 December 2021G, 2022G, 2023G, and the Nine-Month Period Ended on 30 September 2024G, respectively.

Table 2.3: The table below illustrates the Company's key liquidity ratios

	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2024G
Liquidity Ratio	43%	33%	15%	27%
Current Ratio	1.3x	0.9x	0.9x	1.1x
Quick Ratio	0.8x	0.6x	0.4x	0.6x

Source: The Company

Most of the Company's assets consist of real estate assets, which amount to approximately SAR 1,977 million, or 71.5% of the Company's total assets as at 30 September 2024G. The Company's working capital amounted to SAR 177 million, SAR -37 million, SAR -115 million, and SAR 137 million for the financial periods ended 31 December 2021G,

2022G, 2023G, and the Nine-Month Period Ended 30 September 2024G, respectively. Real estate is considered a fixed asset (not easily and immediately convertible into cash), making it difficult to convert into cash immediately. Therefore, if the Company's operations require cash liquidity, the Company may not be able to sell its real estate assets quickly or at a value that reflects their fair value, which may affect its ability to meet its obligations.

Accordingly, if the Company fails to manage its liquidity properly and lacks sufficient cash to meet its obligations, this might lead to a breach of its contractual obligations. Furthermore, the Company's contracting parties may cease dealing with the Company or may resort to legal action to recover their dues, which would have a significant and material negative impact on the Company's business, financial position, results of operations, and future prospects.

2.1.29 Risks Related to the Company's Implementation of the Newly Adopted Internal Governance Regulations

The Ordinary General Assembly approved the internal governance regulations of the Company on 16/03/1445H (corresponding to 01/10/2023G). The regulations included rules and procedures drafted based on the Corporate Governance Regulations issued by the CMA. The success of the Company in implementing these governance rules and procedures depends on the understanding and correct implementation of these rules and procedures by the Board of Directors, its committees, and senior executives, particularly concerning the composition of the Board and its committees, independence requirements, rules related to conflicts of interest, and Related Party Transactions. Non-compliance with governance rules, especially the mandatory rules derived from the governance regulations issued by the CMA, exposes the Company to regulatory penalties and will have a materially negative impact on the Company's results of operations, financial position, and future prospects.

As at the date of this Prospectus, the necessary internal policy for fully implementing the internal oversight system has not been approved by the Board of Directors. It should be noted that the current authority matrix does not include the responsibilities and authorities of all executive management, as it only defines the responsibilities and authorities of the CEO. A clear definition of the responsibilities and authorities of the executive management is necessary to ensure effective operation and sound governance. Operating under an authority matrix that does not cover all executive management positions may lead to unclear decision-making and potential conflicts in responsibilities. If the Company fails to comply with the provisions and articles of the Corporate Governance Regulations and if it does not adopt a clear governance methodology that aligns with the instructions of the Corporate Governance Regulations issued by the CMA, ensuring the protection of the interests of the Company and its shareholders, the latter will have a materially negative impact on the Company's business. Additionally, the Company will incur penalties and fines for non-compliance with the Corporate Governance Regulations, which will negatively affect its results of operations, financial position, and future prospects.

The Company's Ordinary General Assembly formed its first Audit Committee, consisting of four (4) non-executive members, on 16/03/1445H (corresponding to 01/10/2023G). The Board of Directors formed its first Nomination and Remuneration Committee on 15/09/1444H (corresponding to 06/04/2023G), and its first Executive Committee on 15/09/1444H (corresponding to 06/04/2023G). (For further information, please refer to Section 5.2 ("The Company's Committees")). Failure of the members of these committees to perform their duties and adopt positions that ensure the protection of the interests of the Company and its shareholders will affect compliance with corporate governance requirements, continuous disclosure requirements, and the Board's ability to oversee the Company's activities through these committees, which will result in a materially negative impact on the Company's business, results of operations, financial position, and future prospects.

2.1.30 Risks Related to Management's Limited Experience in Managing a Company Listed on the Saudi Stock Exchange

The senior executives of the Company have limited experience in managing Tadawul publicly listed companies and adhering to the regulations and laws governing such companies. In particular, the internal or external training that senior executives will receive in managing a Saudi-listed company, in addition to the regulatory oversight and reporting obligations imposed on public companies, will require significant focus from senior executives, which may divert their attention from the day-to-day management of the Company. The Company's inability to comply with the regulations, laws, and disclosure requirements imposed on listed companies in a timely manner will expose the Company to regulatory penalties and fines. The imposition of fines on the Company will have a materially negative impact on the Company's business, results of operations, financial position, and future prospects.

2.1.31 Risks Related to the Adequacy of Insurance Coverage

The Company holds health insurance and vehicle insurance policies (for further details on the insurance policies held by the Company, please refer to Section 12.10 ("Insurance")). There is no guarantee that the insurance policies held by the Company, or its contractors will always be sufficient under all circumstances, or that the coverage limits under these policies will always be adequate to cover claims related to the insured risks. The Company may not be able to successfully assert its claims under the current insurance policies due to exclusions or coverage limitations, which may result in the Company being liable for compensating losses arising from accidents, which would have a materially negative impact on the Company's business, as well as its operational and financial performance.

In the future, the Company may face potential risks that are not adequately covered, or not covered at all, such as risks arising from hostilities, political risks, wars, sabotage, and potential natural disasters (such as earthquakes and floods). Furthermore, the Company's current insurance policies may not be available in the future. As a result, losses and liabilities arising from risks that are not insured at all or are inadequately insured may increase the Company's costs, which would have a materially negative impact on the Company's business, results of operations, financial position, and future prospects.

2.1.32 Risks Related to the Company Entering into Legal Proceedings

As at the date of this Prospectus, the Company and its subsidiaries are not defendants in any lawsuits, claims, or complaints that, individually or collectively, would have a material impact on the Company's operations or financial position. However, the Company, its Board members, or its executives may become involved in lawsuits and regulatory proceedings with other parties, including contractors, suppliers, employees, competitors, customers, or regulatory authorities. The Company is currently the plaintiff in a lawsuit against a contracting company, demanding compensation for a paid additional amount, which is deemed unwarranted, totaling SAR 9,942,313, on 17/07/2025 (corresponding to 22/01/1447H), a preliminary judgment was issued in favor of the Company. This judgment obliges the contracting company to pay the Company a total amount of SAR 9,966,405 for the recovery of the overpayment, in addition to covering legal fees and expert fees. Additionally, Mohammed and Khaled AlMajed Real Estate Company have filed a financial claim amounting to SAR 6,579,538 through the Najiz platform against a contracting company, in accordance with the Commercial Courts Law, which stipulates that the plaintiff must notify the other party of a financial payment claim before filing any lawsuit, as such, Mohammed and Khaled AlMajed Real Estate Company filed a lawsuit against the contracting company on 12/10/1446H (corresponding to 10/04/2025G), which is still ongoing as at the date of this Prospectus. The Company will proceed with the necessary legal and regulatory actions if the claimed amount is not settled. Moreover, the Company is also the plaintiff in a lawsuit against a contracting company, demanding compensation for a breach of contractual obligations amounting to SAR 16,498,075, for which a preliminary judgment was issued by the Commercial Court dismissing the case on 07/01/1447H (corresponding to 02/07/2025G), and the Company intends to appeal the judgment. It is also worth noting that the Company has a financial provision of SAR 33,896,677 for project-related cases. (For further information, please refer to Section 12.12 ("Claims and Lawsuits")).

If judgments in any of these lawsuits or regulatory proceedings are not in favor of the Company, this could have a materially negative impact on the Company's business, results of operations, financial position, and future prospects. Regardless of the outcome of these lawsuits or regulatory proceedings, such actions may result in significant expenses and will require the Company to allocate considerable resources to respond to these claims and defend itself, which will have a materially negative impact on the Company's business, results of operations, financial position, and future prospects.

2.1.33 Risks Related to Changes in Interest Rates

The Company relies on financing facilities from commercial banks for its expansion activities. Therefore, the Company's external financing arrangements are significantly affected by interest rates, which are highly sensitive to several factors beyond the Company's control, including government, monetary, and tax policies, as well as local and global economic and political conditions, and changes in the SAIBOR rate.

It is noteworthy that the Company has existing credit facility agreements with:

- a. AlRajhi Bank at 6-month SAIBOR plus 2% annually for the deferred sale facility amounting to SAR 675,000,000, and SAIBOR plus 2.4% annually for the deferred sale facility amounting to SAR 45,000,000.
- b. Masar for Finance at a profit margin rate of 5.5% annually.
- c. Banque Saudi Fransi at a profit margin rate of 6-month SAIBOR + 1.5% annually.
- d. Riyadh Bank at a profit margin rate of 6-month SAIBOR + 1.5% annually.

It is worth noting that interest rates have gradually increased from 0.84% as at 31 December 2021G to 5.5% as at 30 September 2024G. Based thereon, if the Company wishes to obtain additional financing under any circumstances, the increase in interest rates and related financing costs may lead to a reduction in the Company's profitability and cash flows, which could have a material negative impact on the Company's business, results of operations, financial position, and future prospects. As a result of the increase in the SAIBOR rate, the financing fees incurred by the Company increased from SAR 3.4 million in FY2021G to SAR 11.9 million in FY2022G and SAR 13.1 million in FY2023G.

In addition to the above:

- Emmar Opportunities Real Estate Company (Single Person Company) has a facility agreement with Arab National Bank at an annual SAIBOR +2.5% margin.
- Real Estate Construction Opportunities Company has a facility agreement with Riyadh Bank at an annual SAIBOR +2% margin.
- Jawhara Opportunity Real Estate Company has a facility agreement with Banque Saudi Fransi at an annual SAIBOR +2% margin.

As of 30 September 2024G, any increase or decrease in the SAIBOR rate by 0.25% would impact the Company's costs by SAR 3.2 million annually.

2.1.34 Risks Related to the Companies Law

The Companies Law, promulgated by Royal Decree No. M/132 dated 1/12/1443H (corresponding to 30/06/2022G), which came into effect on 19 January 2023G (the “**New Companies Law**”), imposes certain regulatory requirements that the Company must comply with, and will necessitate that the Company takes specific actions to adhere to, such as amending the Company’s Bylaws and adhering to the specified periods for holding general assembly meetings.

Article 71 of the Companies Law states that a member of the Board of Directors may not have any direct or indirect interest in the business and contracts made for the benefit of the Company, except with authorization from the ordinary general assembly and in accordance with the regulations set by the competent authority. Board members must notify the Board of Directors of any direct or indirect interest they have in the business and contracts made for the benefit of the Company, which notification must be recorded in the minutes of the meeting. Additionally, Board members are not allowed to participate in voting on resolutions issued in this regard in both the Board of Directors’ meetings and shareholder assemblies.

Moreover, the Companies Law imposes stricter penalties for violations of its provisions and mandatory articles, with fines for certain violations reaching up to five million (5,000,000) Saudi Riyals. Therefore, if the Company is subject to such penalties due to non-compliance with these provisions or its own Bylaws, the latter will have a materially negative impact on the Company’s business, results of operations, financial position, and future prospects. It is worth noting that the Company has not previously incurred any fines or faced any penalties for non-compliance with the Companies Law.

2.1.35 Risks Related to IT Network or Cloud System Failures

The Company relies on information technology (IT) systems to manage its operations and facilities, exposing the Company or any of its subsidiaries to risks from the failure of these systems, such as system crashes, security system failures, hacking, cyberattacks, viruses, natural disasters, fires, communication errors, or the unavailability of skilled labor necessary to operate and manage these systems. If the Company and its subsidiaries fail to maintain and develop their IT systems, this could have a materially adverse impact on the Company’s business, results of operations, financial position, and future prospects.

Additionally, the Company’s systems, or those of external service providers, may be vulnerable to security breaches, cyber terrorism, sabotage, theft, viruses, data loss, or damage, human errors, or similar incidents. Given the ever-evolving nature of these attacks, the Company and its external service providers may not be able to anticipate or take proper preventive measures, nor may they be able to detect and address any threats to the Company’s or service providers’ systems expeditiously, potentially leading to data loss. Any security breach, cyber terrorism, sabotage, theft, viruses, data loss, programming errors, or human errors by any of the Company’s employees could result in the compromise of consumer, employee, or customer data privacy and security. Such breaches could lead to the unintentional disclosure of data to third parties, undermining the privacy of the affected parties and damaging the Company’s reputation.

Moreover, this would negatively affect the Company’s performance due to legal proceedings or lawsuits if the Company fails to maintain the integrity and confidentiality of data or ensure compliance with data disclosure regulations in a timely and appropriate manner. If there are any malfunctions, significant failures, recurring errors, or data leaks, the latter would negatively affect the Company’s business and financial and operational results. Failing to maintain an effective IT strategy or choosing inadequate systems for the Company’s operations will result in decreased competitiveness, which will materially and negatively impact the Company’s business, results of operations, financial position, and future prospects.

It is also worth noting that the Personal Data Protection Law was promulgated by Royal Decree No. M/19 dated 02/09/1443H (corresponding to 16/09/2021G). The provisions of this Law apply to all personal data processing activities of citizens and residents in the Kingdom by all means and include several requirements for protecting the rights of personal data owners, which the Company must implement. The resolution came into effect on 25/08/1444H (corresponding to 17/03/2023G).

Compliance with evolving privacy and security regulations may also increase costs due to system changes and the imposition of new restrictions or controls on the Company’s business models. These regulations may impose further restrictions on the Company’s collection, disclosure, and use of personal data in one or more of its databases. Failure to comply with privacy laws or general industry requirements, or any security breach involving the theft, loss, or unauthorized disclosure of personal, sensitive, or confidential data, may result in fines, penalties, and lawsuits against the Company. Any such incidents would have a materially adverse impact on the Company’s business, results of operations, financial position, and future prospects.

2.1.36 Risks Related to the Discrepancy between the Book Value and Market Value of the Company's Investment Properties

The Company records its investment real estate assets (including land intended for sale or lease) at net book value, which represents the original cost of the assets minus accumulated depreciation, amortization, and impairment. Additionally, the book value or net book value of assets in the Company's financial statements does not necessarily reflect their fair market value, as the fair market value may be higher or lower than the recorded book value of the real estate asset.

Furthermore, the Company conducts an annual assessment of its investment real estate assets to test for any potential impairment. If impairment is identified (i.e., the fair market value is less than the book value), the Company's management writes off the difference between the fair market value and the book value, recording this difference as a loss in the Company's financial statements. Even if the appraised value or book value of any property increases at a certain time, this will not necessarily improve the Company's financial position until the property is sold, and the profit is realized. As a result, unrealized gains from increasing the book value of real estate in each assessment will not necessarily result in a profit or an increase in the Company's total assets as recorded on its financial statements.

Given the above, the book value and market values listed in this Prospectus should not be considered as indicators of the potential returns that could be realized from the sale of any real estate asset. The aforementioned factors, if they occur, will negatively affect the Company's business, results of operations, financial position, and future prospects.

2.1.37 Risks Related to the Reporting Environment

In FY2021G, the Company implemented the Microsoft Dynamics ERP system to manage accounting, and later transitioned from Microsoft Dynamics ERP to ERP Next, currently integrating the system with the sales system. The human resources department operates using the Jisr system. However, all other departments and operations, specifically sales, supply chain management, human resources, and project management, are currently using a separate system developed by a third party. It should be noted that this developed system is not integrated with the ERP system, which has resulted in key financial and operational reporting, especially related to the Sale of Completed Inventory Properties and the real estate development sector, requiring manual intervention from management and the collection of data from multiple sources. Additionally, the appointment of the current financial management team in March 2023G led to inconsistencies in the financial data for Q1 2023G compared to year-end 2023G figures and Q1 2024G figures, which resulted in reclassifications and adjustments between general administrative expenses and operational expenses at the year's end. It should be noted that from 2024G until the date of this Prospectus, management has implemented a new Enterprise Resource Planning (ERP) system across all subsidiaries (excluding funds). This system integrates various departments and divisions.

The Company does not track the cost analysis of construction work by nature, relying instead on a main contractor for turnkey projects, who provides the full cost of project development, rather than managing a number of subcontractors. However, construction costs increased during the financial years ended 31 December 2021G, 2022G, and 2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, rising to SAR 2.4 thousand, SAR 3.1 thousand, SAR 3.2 thousand, SAR 3.1 thousand and SAR 2.9 thousand, respectively. Management has not been able to measure the impact of rising raw material costs or the effect of adopting higher construction standards in projects. Monitoring the different cost sources per project and their impact on profitability is a key step in analyzing the financial performance of the Group and its ability to budget for future projects, effectively manage costs, and monitor required cash flows.

The Company's ability to scale its business and increase profitability in the future depends on its ability to continue implementing and improving its operational, financial, and administrative information systems in an effective and timely manner. The controls and procedures the Company currently implements may not be sufficient or effective in all circumstances, and if these procedures and controls are deficient, the Group's business, financial position, and future prospects could be significantly and adversely affected.

2.1.38 Risks Related to Delays in Consolidating the Financial Information of Subsidiaries and Investment Funds

The Group's financial statements are manually consolidated due to the subsidiaries not adopting the same ERP system (Microsoft Dynamics ERP) as the parent Company, which may lead to errors and discrepancies in accounting classifications among the subsidiaries. Additionally, the Group consolidates the financial statements of the AlMajdiah Investment Fund (which includes three real estate investment funds). The Group controls the funds as the majority owner, developer, and sales arm of the fund's projects. However, the funds are managed by Jadwa Investment as the fund manager, meaning the accounting and financial departments of these funds are not under the Group's direct control, leading to various classification discrepancies between different companies and funds. As a result, the Company may need to request additional information from the fund manager, which can delay the receipt of financial information. Historically, the availability of financial reports from the funds has somewhat delayed the Group's ability to issue its financial statements on time.

It should be noted that in FY2022G, management recorded an adjustment to revenue from sale of Completed Inventory Properties and to the cost of revenue, resulting in the exclusion of SAR 47.7 million in income from the sale of AIDar Investment Fund projects and SAR 23.2 million in the cost of revenue, due to the revaluation of liabilities related to the maintenance of sold properties. The adjustments were reversed in 2024G when the Fund was closed and liquidated, as the company assumed the maintenance provision, which led to them remain listed on the Fund's balance sheet to date.

As part of the financial statement consolidation process for FY2022G, management recorded a SAR 18.9 million exclusion entry related to real estate development services provided by the company to AIDar Investment Fund. This impacted the Company's Real estate development income and the fund's inventory, as the units related to supervision services had not yet been sold. However, when these units were sold, the cost was transferred from inventory to cost of revenue without recording an exclusion entry to adjust the markup for development services. Consequently, when the fund was closed and liquidated during the Nine-Month Period Ended 30 September 2024G, management made a SAR 18.9 million adjustment to reverse the impact of the excess cost and adjust the final inventory balances.

Furthermore, the semi-annual closing of the consolidated accounts of the funds during FY2023G resulted in financial data inconsistencies for Q1 2023G compared to year-end 2023G figures and Q1 2024G figures. These inconsistencies arose from reclassifications and adjustments between general administrative expenses and operational expenses at the year's end. It is crucial for the Company's management to coordinate with the fund's accounting team and fully understand the fund's financial statements to meet the reporting deadlines required for a publicly listed company and to provide clear and accurate financial data to its investors. Any delay in issuing the Group's financial statements within the statutory timeline could expose the Company to fines or administrative actions imposed by the relevant authorities.

2.1.39 Risks Related to the Real Estate Development Sector

The Company's core business focuses on real estate development, which is influenced by various factors related to the real estate market, including supply and demand for real estate products. These factors significantly impact the Company's ability to succeed and continue executing projects profitably. An increase in demand for real estate products is a positive factor that can help the Company capitalize on Real Estate Opportunities Construction, achieving the best possible outcomes and expected profits. Conversely, market fluctuations that lead to rising real estate prices may reduce demand for these products, which would negatively impact the Company's ongoing real estate development activities. In such cases, the feasibility of development projects might weaken, decreasing investor and property owner willingness to contribute to real estate development projects.

The real estate development sector recorded a loss of (SAR 21.3 million), a profit of SAR 16.6 million, SAR 7.4 million, SAR 13.8 million, and SAR 5.0 million in FY2021G, FY2022G, FY2023G, and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively. Several factors contributed to these fluctuations in gross profit during the period:

- **Cost Overruns:** With the significant rise in construction costs, the Company was unable to pass on to its customers the cost overruns in 8 of its ongoing projects. As a result, management recorded a total provision of SAR 29.6 million at the end of FY2021G to cover these anticipated construction cost increases. This provision primarily relates to the Jadat AlOula and Blom Fund, with AlMajdiah 115 being the most impacted, incurring additional costs estimated at SAR 7.8 million. It is worth noting that the cost overruns in the projects developed by the Group are subject to negotiation with clients and are not fully covered under the agreement.
- **Repair Costs:** During the project acceptance phase, the quality and specifications of the projects are reviewed and approved by the clients' consultants. If the project does not meet the agreed-upon specifications, the Company must bear additional costs to address these gaps. The Company incurred SAR 12.5 million and SAR 18.5 million in repair expenses related to delivered or ongoing projects in FY2022G and FY2023G, respectively. The Group did not have a policy in place to record a provision to cover these unexpected expenses.
- **Contractor Provision:** In FY2023G, the Company formed a SAR 30.0 million provision related to additional costs expected to arise from appointing a new contractor to execute the development of one of the projects, AlMajdiah Project 147, in order to satisfy Group standards. The Group's management decided to pursue legal action against the previous contractor for the same amount on the basis of negligence.

These factors are expected to negatively affect the Company's business, real estate development operations, results of operations, financial position, and future prospects.

2.1.40 Risks Related to Outstanding Receivables

During FY2023G, the Company's did not form credit loss (ECL) provisions, as it was estimated that trade receivables did not necessitate forming provisions. Therefore, the Company does not have a policy for setting provisions for outstanding debts. However, it is noteworthy that the following balances have been outstanding for further than a year:

1. In FY2021G, the Company issued an invoice related to the sale of a plot of land in the Al-Arid District before transferring the title deed to the client. However, due to a government moratorium, the client has not been able to access the land and has not settled the outstanding balance. The balance stands at SAR 9.0 million as at 30 September 2024G.
2. Aged Receivables from Blom Real Estate Fund amounting to SAR 4.6 million related to a loan obtained on behalf of the Blom Fund, which has not been repaid. Additionally, SAR 4.6 million is being held by the Ministry of Housing related to units purchased by Alfannar Company.

Table 2.4: Aging of Receivables as at 30 September 2024G

SAR (thousands)	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	More than 365 days*	As at 30 September 2024G
Total	35,053	36,765	22,412	18,525	-	18,138	130,893

Source: Management information

* The outstanding balances for further than 365 days are related to (i) an individual client due to the sale of land for which ownership has not been transferred (SAR 9.0 million), (ii) a non-government client, namely Blom Real Estate Fund (SAR 4.6 million), and (iii) a government client, namely the Ministry of Housing (SAR 4.6 million).

With regard to trade receivables outstanding for further than 365 days, it is worth noting that, after 30 September 2024G, the Company collected a significant portion of the receivables related to the sold land, with only SAR 9 million remaining, which the Group expects to collect by the end of FY2024G. This follows the lifting of the suspension in the second half of November 2024G. As for the receivables from the Ministry of Housing, the Group confirms its commitment to collating all necessary documentation to pursue the collection of these receivables. A dedicated team has been assigned to follow up and collect these amounts starting from the end of November 2024G. Regarding the receivables from Blom Fund, the Group is in the process of completing the necessary procedures to convert these balances into ownership units in the Fund.

Accordingly, the failure to establish a provision for long-outstanding balances does not take into account the time value of money for overdue receivables, which could have a materially negative impact on the Company's business, results of operations, financial position, and future prospects.

2.1.41 Risks Related to the Restatement of Consolidated Financial Statements for the Previous Period

During the year ended 31 December 2022G, the Company adjusted some of the amounts and balances set out in its consolidated financial statements for FY2021G. During the year ended 31 December 2023G, the Company adjusted some of the amounts and balances set out in the consolidated financial statements for FY2022G to reflect proper accounting treatment and classification. As a result of such errors, the Company adjusted its statement of financial position for the opening balance as at 31 December 2021G and 31 December 2022G, the statement of profit or loss and other comprehensive income for the financial year ended 31 December 2021G and the financial year ended 31 December 2022G, the statement of changes in equity for the financial year ended 31 December 2021G and the financial year ended 31 December 2022G, and the consolidated statement of cash flows for the financial year ended 31 December 2021G and the financial year ended 31 December 2022G. Such restatements impacted a number of items in the Company's financial statements. The following is a summary of the most important items impacted by such restatements:

Table 2.5: Impact of Restatements on the Consolidated Statement of Financial Position as at 01 January 2021G

SAR 000s	Listed as at 01 January 2021G	Restatements	As at 01 January 2021G (Restated)
Right-of-use assets	-	1,831	1,831
Retained Earnings	59,844	(1,141)	58,703
Lease Liabilities - Current Portion	-	678	678
Lease Liabilities - Non-current Portion	-	2,293	2,293

Source: Audited consolidated financial statements for the financial year ended 31 December 2022G

Management has adjusted an error from previous years related to the non-recording of a lease contract for the year ended 31 December 2020G, which was corrected through retained earnings as at 01 January 2021G.

Table 2.6: Restatement of the Consolidated Statement of Financial Position as at 31 December 2021G

SAR 000s	Note	As at 31 December 2021G	Restatements	As at 31 December 2021G (Restated)
Assets				
Non - current Assets				
Property and equipment		23,954	-	23,954
Right-of-use assets	3	-	1,373	1,373
Investment property		101,553	-	101,553
Inventory properties under development	1,4	154,529	697,703	852,231
Investment in an associate company	1,2	200,470	(130,963)	69,506
Financial assets at FVTPL	1	41,148	20,137	61,284
Financial assets at FVOCI	2	97,800	(97,800)	-
Total non-current assets		619,454	490,450	1,109,903
Current assets				
Inventory Properties		335,249	-	335,249
Trade receivables		12,384	-	12,384
Advanced Prepayments and other current assets		103,197	46,279	149,476
Amounts due from Related Parties	1	79,371	(19,046)	60,325
Cash and cash equivalents	1	277,166	12,966	290,132
Total current assets		807,367	40,199	846,565
Total assets		1,426,820	530,648	1,957,469
Equity				
Share capital		300,000	-	300,000
Statutory reserve		41,609	(7,961)	33,648
Retained earnings	2,5	121,051	(57,409)	63,642
Reserve at fair value	2	37,050	(37,050)	-
Equity attributable to shareholders of the parent company		499,710	(102,420)	397,290
Non-controlling interest	1	250	181,083	181,334
Total equity		499,960	78,663	578,623
Non-current liabilities				
Loans and borrowings	1	315,975	384,357	700,331
Lease liabilities	3	-	1,551	1,551
Employees' defined liabilities obligations		6,463	-	6,463
Total non-current liabilities		322,438	385,908	708,346
Current Liabilities				
Lease liability	3	-	726	726
Trade and other payables	1,5	135,146	56,645	191,791
Contract liabilities	5	113,855	1,701	115,557
Amounts due to Related Parties	1	329,043	7,005	336,048
Zakat payable		26,378	-	26,378
Total current liabilities		604,422	66,078	670,500
Total Equity and liabilities		1,426,820	530,648	1,957,469

Source: Audited consolidated financial statements for the financial year ended 31 December 2022G

Table 2.7: Adjustment of the Consolidated Statement of Profit or Loss and other Comprehensive Income in FY2021G

SAR 000s	Note	As Reported		
		FY2021G	Adjustments	FY2021G (Restated)
Revenue from sale of completed inventory properties	5	743,654	(1,968)	741,686
Revenue from sale of land		237,137	-	237,137
Cost of sale - Inventory Properties	4,6	(647,870)	(24,552)	(672,422)
Total profit on inventory properties		332,921	(26,520)	306,401
Real estate commission income		16,119		16,119
Real estate development income	1	127,092	(22,887)	104,205
Cost of Direct Operation	6	(95,859)	(29,622)	(125,481)
Total profit on real estate development and commission		47,351	(52,509)	(5,158)
Valuation gains from investment properties		38,796		38,796
Right-of-use asset depreciation	3		(457)	(457)
General and administrative expenses	1	(22,244)	(7,969)	(30,213)
Selling and marketing expenses		(7,725)	-	(7,725)
Operating profit		389,100	(87,455)	301,644
Finance costs	3	(3,060)	(351)	(3,411)
Share in the result of an associate company	2	(8,309)	15,901	7,592
Other income	1	11,501	203	11,704
Profit before Zakat		389,232	(71,702)	317,529
Zakat		(20,344)	-	(20,344)
Profit for the year		368,887	(71,702)	297,185

Source: Audited consolidated financial statements for the financial year ended 31 December 2022G

Table 2.8: Adjustment of the Consolidated Cash Flows Statement in FY2021G

SAR	As Reported		
	FY2021G	Adjustment	Adjusted FY2021G
Change in operating cash flows	187,928	262,291	450,219
Change in investing cash flows	(259,605)	(67,972)	(327,577)
change in financing cash flows	299,695	(181,353)	118,342

Source: Audited consolidated financial statements for the financial year ended 31 December 2022G

1. This adjustment relates to the non-consolidation of the AlDar Investment Fund in the previous year, where the ownership was 51.97%. As at 31 December 2021G, the Group owned 20,884,463 units with a unit value of SAR 12.67 per unit, totaling SAR 264,606,140, representing 51.97% of the units in the investment fund. Management accounted therefor as an investment in an Associate under International Accounting Standard (IAS 28). Based on the ownership percentage of 51.97%, Management believes that it should have consolidated the financial statements with the investment fund in accordance with International Financial Reporting Standard (IFRS 10) due to the presence of control. Based on the agreement between Dar AlMajed Real Estate Company and AlDar Investment Company, the Group has full responsibility for project development and makes all operational decisions. Additionally, with the Group's ownership of 51.97% and the presence of two shareholders in Dar AlMajed Company, which could increase the voting rights to 40% (2 out of 5 board members), Management believes that the Group should have consolidated the AlDar Investment Fund as at 31 December 2021G.
2. This adjustment relates to the misclassification of the investment at fair value through other comprehensive income (OCI) instead of accounting for it as an equity method investment. On 1 September 2021G, the Group acquired 1.5 million shares in Jadat AlOula Real Estate Development Company at a price of SAR 40.5 per share, totaling SAR 60,750,000. This represents 15% of the shares in the investee company. The Group accounts for its 15% equity in the investee company as an equity instrument held at fair value through other comprehensive income (in accordance with IFRS 9). Management assessed whether the

Group's significant influence existed, based on the following condition under IAS 28 to determine whether the investment should be accounted for using the equity method under IAS 28: Investments in Associates and Joint Ventures. Management believes that significant influence exists as a result of the Group's CEO representing the Group on the board of directors and the presence of significant transactions.

3. This misstatement relates to a sale and leaseback transaction that was not accounted for in 2020G but was fully accounted for in 2022G. As a result, this is considered an error, requiring an adjustment to the opening balances as at 1 January 2020G, due to the deviation from the requirements of IFRS 16 regarding sale and leaseback transactions.
4. This misstatement relates to the error in recognizing the cost of property sold in 2021G for a sale that occurred in 2022G.
5. This misstatement concerns the deferral of maintenance obligation revenue, which were part of customer contracts but were not recognized in accordance with IFRS 15.
6. This misstatement relates to losses from onerous contracts that arose in 2021G and pertain to projects under development.

Adjustment in FY2022G

Table 2.9: Adjustment of the Financial Position as at 31 December 2022G

SAR 000s	Note	As at 31 December 2022G	Adjustments	As at 31 December 2022G (Restated)
Non-current assets				
Inventory Properties Under Development	1	1,396,076	24,498	1,420,574
Goodwill	1	24,498	(24,498)	-
Equity				
Statutory reserve	2	46,316	(1,717)	44,599
Retained earnings	2	186,824	(15,456)	171,368
Equity attributable to shareholders of the parent company			(17,173)	
Non-controlling equity	2	145,245	(7,397)	137,848
Total equity			(24,570)	
Current liabilities				
Trade and other payables	2	240,421	24,570	264,991

Source: Audited consolidated financial statements for the financial year ended 31 December 2023G

Table 2.10: Adjustment of the Consolidated Statement of Profit or Loss and Other Comprehensive Income in FY2022G

SAR 000s	Note	As Reported		
		FY2022G	Adjustments	Adjusted FY2022G
Revenue from sale of completed inventory properties	2	759,807	(47,740)	712,067
Cost of sale - Inventory Properties	2	(780,135)	23,170	(756,965)
			(24,570)	

Source: Audited consolidated financial statements for the financial year ended 31 December 2023G

Table 2.11: Adjustment of Cash Flow Statement in FY2022G

SAR 000s	Note	As Reported		
		FY2022G	Adjustment	Adjusted FY2022G
Change in operating cash flows		(190,520)	(24,498)	(215,017)
Change in investing cash flows	2	(61,559)	93,639	32,080
change in financing cash flows		199,173	(69,141)	130,031

Source: Audited consolidated Financial Statements for the financial year ended 31 December 2023G.

This misleading statement relates to the quality registration due to the prior merger of Al Dar Investment Fund as a result of the Company's increased share from 52% to 70%.

This misleading statement concerns the recording of excess amounts paid for acquiring the surplus in Al Dar Investment Fund in the previous year through retained earnings.

1. This misstatement relates to recording the quality due to the merger of AlDar Investment Fund previously as a result of increasing the Company's share from 52% to 70%.
2. This misstatement relates to the deferral of revenue and related costs concerning the maintenance obligation specified as part of sales contracts with customers in accordance with International Financial Reporting Standards (IFRS). The error occurred in one of the Group's companies, which is the AlDar Investment Fund, where the revenue and related costs concerning the performance obligation over a 5-year period were not deferred but were instead recognized in full in FY2022G. As a result, the above has been corrected as a prior period adjustment in the separate financial statements of the entity, and the relevant impact has been reflected in these consolidated financial statements.

In the event that any additional accounting errors were found and resulted in providing incorrect data in the past financial years, or otherwise if any accounting errors are found in the upcoming years, such would adversely affect the business, results of operations, financial position and future prospects.

2.1.42 Risks Related to the Accumulation of the Company's Real Estate Inventory

Due to the nature of the Company's operations in the real estate development sector, it may face risks related to the accumulation of its real estate inventory, which consists of properties from the Company's completed or ongoing development projects during the financial year. If the Company is unable to achieve good turnover rates for its real estate inventory, and does not consistently monitor and review the latter, this could lead to an accumulation of real estate inventory. Such an accumulation could negatively affect the Company's sales, performance, and future outlook for its projects. Additionally, it may result in a decline in the value of completed properties ready for sale, which could negatively impact the Company's financial position and profitability. The value of the Company's real estate inventory amounted to SAR 1,187 million, SAR 1,696 million, SAR 1,495 million, and SAR 1,795 million for the financial years ended 31 December 2021G, 2022G, 2023G, and the Nine-Month Period Ended 30 September 2024G, respectively.

2.1.43 Risks Related to the Company's Dependence on Key Suppliers

The Company relies on its dealings with its key suppliers for the success of its operations. The Company's top ten (10) suppliers (by value of purchases) for the financial years 2021G, 2022G, 2023G and the Nine-Month Period ended 30 September 2024G represented 17%, 37%, 30% and 39.7%, respectively, of the Company's total purchases.

The Company's top supplier represented 0%, 5%, 12% and 27.2% of the Company's total purchases for the financial years 2021G, 2022G, 2023G, and the Nine-Month Period ended 30 September 2024G, respectively. The reason for such high percentage is due to the Company's increasing reliance in recent financial years on appointing individual contractors to complete the construction of projects on a turnkey basis instead of appointing several different contractors to implement different elements of projects. There is no assurance that these business relationships will continue or that the level of services or work provided by the Company's suppliers will always meet the expected standards.

The Company obtains construction services, advertising services, design services, air conditioning services and facilities-related services from its other key suppliers. The Company's purchases from its other key suppliers constituted 13%, 31%, 18% and 12.7% of the Company's total purchases for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Period ended 30 September 2024G, respectively (for further details, please refer to Section 4.4 ("Key Suppliers") of this Prospectus).

It may be difficult for the Company to ensure continuity of supply and that the Company's business will not be affected if the Company is unable to maintain its relationships with any of its key suppliers, specifically the Company's key supplier, or its current privileges provided thereby, as this will have a material adverse on the Company's business, results of operations, financial position and future prospects, which, in turn, may result in the Company being unable to implement its projects and operations. The Company's business and its relationship with its customers will be adversely affected if any of the key suppliers terminate their business with the Company, which will have a material adverse on the Company's business, operations, financial position and future prospects.

2.2 Risks Related to the Market, Industry and Regulatory Environment

2.2.1 Risks Related to Real Estate Prices

The Company's real estate assets are inherently difficult to value. Factors such as changes in regulatory requirements and applicable laws (including in relation to building and environmental regulations, taxation and planning), political conditions, the condition of real estate market in KSA, the financial position of customers, potential adverse tax consequences, and interest and inflation rate fluctuations all mean that valuations are subject to uncertainty, resulting in significant differences between valuation of the Company's projects and actual sales prices, with respect to both joint venture projects with Investment Funds or investors and projects carried out for the Company's own account. No assurance can be made that the valuations of the Company's projects will reflect actual sale prices of residential units. Neither should the valuations be taken as an indication of the availability of financing for the potential sale of any of the Company's projects or an indication of continuing demand for any of the Company's projects. Significant differences between valuations and actual sales prices could have a material adverse effect on the Company's business, financial position and results of operations.

In addition, a key component of determining the value of a project is based on the assessment by Management of real estate market conditions in the Kingdom. The Saudi real estate market is in turn affected by many factors such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Company's control and may adversely impact projects after their most recent valuation date. As a result, any material decline in the real estate market in the Kingdom could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.2 Risks Related to the Changing Demand for Residential Properties in the Kingdom of Saudi Arabia on the Company's Business

The Company conducts its business in the Kingdom of Saudi Arabia. As an increasing number of real estate developments are launched and reach completion, the number of residential properties and commercial space available in the Kingdom may exceed the demand for such properties and space, leading to saturation. If the real estate market in the Kingdom were to become saturated, or demand for residential properties in the Kingdom were to decline or to be lower than expected, the Company could have to sell its residential units at reduced prices, or at a loss, or may not be able to sell them at all. Fluctuations in economic factors beyond the Company's control, such as the prevailing interest rates, high unemployment rates, salary levels and tax rates, cost of utilities, or removal of subsidies provided through the Ministry of Municipalities and Housing (MoMAH) program which bears a part of the real estate financing cost subject to certain conditions, developing therefore the segment of targeted customers and improving their purchase power, may also affect demand for residential units sold by the Company. There can be no assurance that this subsidy will continue under the current conditions at the same levels or will continue at all, in both short and long terms.

If future customers are unable to obtain the required financing on terms acceptable to targeted customers, this will result in decreased demand for residential units, which would have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

There can be no assurance that the Company's sales backlog will be realized or that there is sufficient demand in the real estate market in Saudi Arabia to absorb all of the residential units that the Company will deliver at the prices anticipated by the Company or at all.

Therefore, any adverse change in the demand for the reasons set out above or otherwise could have a material adverse effect on the Company's business, financial position, results of operations, and future prospects.

2.2.3 Risks Related to the Illiquidity of Real Estate Investments

Because real estate investments are generally illiquid, and due to the cyclicity of real estate markets, the Company's ability to promptly sell residential units in its projects in response to changing political, economic, financial and investment conditions is limited. The real estate market is affected by many factors that are beyond the Company's control. In addition, to the extent the Company requires third-party funding to develop its projects, it may be required to mortgage certain project sukuk to secure its payment obligations or the obligations of its subsidiaries, which could preclude the Company from selling such projects or any affected units in the event of a default under such financing arrangements. There can be no assurance that the sale of units in any of the Company's projects will be at a price which reflects the most recent valuation of the relevant project, particularly if the Company is forced to sell in adverse economic conditions. Any of these factors, alone or in combination, could have a material adverse effect on the Company's real estate portfolio, which could in turn have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.4 The Impact of Political and Economic Risks on the Company's Operations

All of the Company's assets are concentrated in Saudi Arabia, and the Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy.

The oil sector still constitutes a large share of the GDP of Saudi Arabia. Fluctuations in oil prices may occur, and adversely affect the economy of Saudi Arabia. Economic growth in the Kingdom has also slowed in recent years. Saudi Arabia is also facing the challenge of relatively high levels of population growth. All such conditions could have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

In addition, many countries in the Middle East suffer from political or security instability at the present time. There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, those countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial position and future prospects.

Any unexpected major changes in the political, economic or legal environment in Saudi Arabia and/or other countries in the Middle East, which include without limitation normal market fluctuations, recession, insolvency, weakness in employment levels, technological shifts and other such developments, will adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.2.5 Risks Related to Saudization, Foreign Labor and other Labor Law Requirements

The Saudization (Nitaqat) program was adopted pursuant to the Ministerial Resolution No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), whereby the Ministry of Human Resources and Social Development ("MHRSD") requires entities to employ Saudi nationals. Compliance with Saudization requirements which is a local regulatory requirement necessitating that all private entities (except regional headquarters) carrying out business in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The ratio of Saudi workers varies on the basis of a Company's licensed activities and number of employees. As at the date of this Prospectus, the Company's head office and branches have been classified under the high green category and its subsidiary Hussam and Majed AlMajed Real Estate Company under the low green category. The low green category does not allow the concerned company to apply for new work visas, which could affect Hussam and Majed AlMajed Real Estate Company's ability to hire new employees.

Under the Implementing Regulations of the Saudi Labor Law and other ministerial resolutions issued by the Minister of Human Resources and Social Development, some jobs are exclusively or partially reserved for Saudi nationals. Companies which hire non-Saudi nationals to hold positions exclusively reserved for Saudi nationals are subject to fines up to SAR 8,000 for each employee; while companies which fail to comply with the Saudization percentages for the positions partially reserved for Saudi nationals are subject to fines up to SAR 6,000 for each employee.

The Company reviews the Saudization and employment percentages on a monthly basis to define the initiatives necessary to implement the required employment plans and Saudization percentages and to meet any updates in the future.

Foreign employees are only permitted to work for the entity which sponsors them in Saudi Arabia, lent by a licensed manpower company, or providing services under a valid services agreement (within their employer/sponsor's licensed activities), and in both the latter cases registered through Ajeer. As at 30 September 2024G, non-Saudi employees accounted for 38% of the Company's total workforce. The fees for transferring employees from one company to another amount to SAR 2,000 for the first time and increase by SAR 2,000 for each repeated transfer (depending on the number of times an employee has transferred their sponsorship in the past). For further information on the employees, please refer to Section 4.9.4 ("**Employees**") of this Prospectus. The risks related to the requirements applicable to non-Saudi employees include facing fines or penalties, such as suspension of MHRSD recruitment systems or services in the event of violating laws pertaining to Iqama, transfer of sponsorship, Ajeer certificates, secondment, and residency professions, which would adversely affect the Company's business and results of operations. As at the date of this Prospectus, there are several non-Saudi employees who do not perform the job listed on their residency permits. The Company is currently aligning the actual positions of foreign employees with the jobs indicated on their residency permits. Pursuant to Saudi Labor Law, the penalties for entities hiring employees whose actual job function does not correspond with the job function appearing on their Iqama include a fine of SAR 10,000 for each employee working in violation of the law.

The penalties for entities seconding foreign employees under their own sponsorship to another entity without an Ajeer notice include, for a first-time violating entity, a fine of SAR 25,000 for each employee working in violation of the law, and these fines increase in case of repeated violations.

The Company may not be able to fulfil current or enhanced Saudization or other Labor Law requirements in the future and/or to guarantee that the minimum wage required to be paid by the Company will not increase. In case of non-compliance with the Saudization or foreign labor requirements, the Company could face sanctions by governmental authorities. In addition, the Company could not be able to provide the required workforce or recruit the required number of Saudi nationals and/or foreign workers without incurring additional costs, if at all, which would adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.2.6 Risks Related to Changes in Laws and Government Policies in Saudi Arabia

The Company is subject to a range of laws and regulations in Saudi Arabia, which in many cases are applied by governmental authorities in accordance with government policy or directives. Demand for residential units sold by the Company may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof, in Saudi Arabia, including in particular those with application to the real estate industry in Saudi Arabia.

A number of the laws and regulations applicable to the Company and its operations are new, and the interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency, and their implementation, interpretation and enforcement may involve uncertainty. There can be no assurance of favorable or unfavorable future changes in laws and regulations or governmental policy in Saudi Arabia with respect to the real estate industry, including the promulgation of new laws (which may, for example, provide for restrictions on real estate sector working hours), changes in existing laws or their interpretation or enforcement. As a result, there is uncertainty as to the legal protection available to the Company and its shareholders.

In addition, the Saudi Building Code issued in 2018G by the National Committee for the Saudi Building Code introduced new technical requirements applicable to buildings for safety, strength and sustainability purposes. Pursuant to the Saudi Building Code Application Law issued by Royal Decree No. M/43 dated 26/04/1438H (corresponding to 24/01/2017G) as amended by Royal Decree No. M/15 dated 19/01/1441H (corresponding to 18/09/2019G), and the Implementing Regulations of the Saudi Building Code, by August 2021G complex buildings (banquet halls, cinemas, theaters) health care centers, hotel furnished apartments, hostels, residential building and recreational facilities, and by July 2022G business buildings (among other building categories), must comply with the requirements newly issued by the Saudi Building Code National Committee. The Saudi Building Code Application Law and its Implementing Regulations provide that whoever violates the Saudi Building Code, any provisions of the law and its implementing regulations shall be subject to a fine up to SAR 1 million for each single violation in each building and/or the suspension of the practice license for a period not less than one month and not exceeding one year. Moreover, any revisions to the Building Code could impose material obligations on the Company, with which it may not be able to comply in a timely manner. This could lead to the imposition of fines or sanctions on the Company, which could adversely and materially affect the Company's business result of operations, financial position and future prospects.

The Company is unable to anticipate changes in the regulatory environment and therefore could be subject to fines and sanctions, which could materially and adversely affect the Company's business, results of operations, financial position and future prospects.

2.2.7 Risks Relating to Environmental, Health and Occupational Safety Matters

Under various laws and regulations in Saudi Arabia, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral. In the case of any of the Company's projects, any such presence could have an adverse effect on the Company's business. There can be no assurance that the costs of complying with environmental laws and regulations and defending personal injury and property damage claims based on the presence of hazardous or toxic substances will not have a material adverse effect on the Company's business.

2.2.8 Risks Associated with the Company's Zakat and VAT Status

The Group is subject to ZATCA requirements in the Kingdom. Any change in Zakat or taxes requirements or laws applicable to the Group may adversely affect its profitability. The Company submitted its Zakat returns and obtained the Zakat certificates from ZATCA for all years until 2023G. It also settled all due Zakat amounts timely. The Company also obtained final Zakat assessments until 2018G.

The Company received a preliminary assessment notice on 26/03/2024G from ZATCA regarding the ongoing examination of the Zakat declaration for 2020G. The net Zakat amount after assessment was SAR 3,198,066, with differences amounting to SAR 1,763,888. The Company appealed the assessment and submitted supporting documents to ZATCA on 04/04/2024G. Additionally, the Company received another preliminary assessment notice on 12/02/2025G from ZATCA regarding the ongoing examination of the Zakat declaration for 2020G. The net Zakat amount after assessment was SAR 2,004,732, with differences amounting to SAR 570,555. The Company appealed the assessment and submitted supporting documents to ZATCA on 20/02/2025G, with ZATCA examination still ongoing.

The Company submitted all VAT returns since its registration (on 18/04/2018G) and settled all amounts due to ZATCA on time.

The implementation of both VAT and Real Estate Transaction Tax is relatively new, and the Group may make mistakes in complying with regulatory requirements. In case of any new ZATCA requirements, this may lead to the imposition of penalties on the Company by ZATCA in accordance with the VAT and Real Estate Transaction Tax laws and any claims or penalties related to previous fiscal periods will be borne by the selling shareholders, which will have a negative and material impact on the Company's business, results of operations, financial positions, and future prospects.

2.2.9 Risks Related to the Real Estate Transaction Tax

The Real Estate Transaction Tax was imposed by virtue of Royal Order No. A/84 dated 14/02/1442H (corresponding to 02/10/2020G). This tax, equal to 5% of the property transaction value, is collected upon documentation of the real estate transaction. The Real Estate Transaction Tax is a new tax added to other taxes and fees imposed on certain industries in the Kingdom and exempts some real estate transactions taking place after the entry into force of the Royal Order from value added tax.

The relatively new application of the Real Estate Transaction Tax involves uncertainty in some cases and the Company must sometimes interpret itself the application method. However, ZATCA may not agree with the Company's conclusion, which may result in varying interpretations. In this case, the Company will have to incur additional tax fees and expenses, which would adversely affect the Company's business, financial position, results of operations and future prospects.

It is worth noting that the real estate tax balance increased to SAR 15 million (amount due) and SAR 6.4 million (payable) as at 30 September 2024G due to the payment of Real Estate Transaction Tax on behalf of customers; noting that such amounts were collected later upon settlement of the full amount from the customer.

In addition, any future increases or changes made to the Real Estate Transaction Tax or its application or any change of its calculation method will have an adverse effect on the Company's business, financial position, results of operations and future prospects.

2.2.10 Risks Related to Imposition of Additional Fees or New Taxes

The Company is currently subject to Zakat and VAT. However, the Government may impose other fees or additional taxes on companies in the future. In case new taxes and fees other than the currently applied are imposed on the Companies, this could have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

For example, any potential increase of the VAT in the future may lead to decreased demand for the Company's products, affecting therefore its profitability, which in turn could have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

2.2.11 Risks related to White Land Fees

The White Land Fees Law issued by virtue of Royal Decree No. (M/4) dated 12/02/1437H (corresponding to 25/11/2015G) and its Implementing Regulations issued by the Council of Ministers' Resolution No. 379 dated 08/09/1437H (corresponding to 13/06/2016G), and amended by the Council of Ministers' Resolution No. 181 dated 01/03/1441H (corresponding to 29/10/2019G) and resolution No. 511 on 01/09/1442H (corresponding to 13/04/2021G), which came into effect in stages, based on land area and ownership, imposes an annual fee on white lands, which fall within the scope of application of fees, at 2.5% of the value of the land. Fees are applied in three different stages as follows:

Stage one: undeveloped lands with an area of ten thousand square meters or more, located within the boundaries specified by MoMAH.

Stage two: developed lands with an area of ten thousand square meters or more, and all developed lands owned by the same owner and having a total area of ten thousand square meters or more according to the same approved plan, located within the boundaries defined by MoMAH.

Stage three: developed lands with an area of fifteen thousand square meters or more, and all developed lands owned by the same owner and having a total area of fifteen thousand square meters or more, located in the same city, within the boundaries defined by MoMAH.

In the event that the Company acquires white lands as part of its operations, or if any of its currently owned lands are reclassified as white lands, it will be subject to the applicable fees if the Company fails to utilize or develop these lands to avoid being subject to white land fees as per the system and its regulations. Since the Company's operations are primarily concentrated in Riyadh, it is worth noting that, as at the date of this Prospectus, the second phase of the white land fee implementation has begun in the approved areas at Riyadh. Additionally, MoMAH may classify lands owned by the Company as white lands, or the Company may purchase lands in the future that are classified as white lands. The Company cannot precisely determine the fees that will be imposed in each cycle, and the imposed fees could be higher than expected or applied to lands that the Company did not consider as white lands. Furthermore, the Company may not succeed in canceling fees it deems incorrect. As a result, the Company could end up paying more than anticipated, incurring losses and expenses in attempting to challenge these fees which will have a negative or material impact on the Company's business, financial position, results of operations and future prospects.

It should be noted that the Council of Ministers approved amendments to the White Land Fees Law on 01/11/1446H (corresponding to 29/04/2025G), the amendments related to the White Land Fees will become effective after the issuance and publication of the amended Implementing Regulations. On 15/01/1447H (corresponding to 10/07/2025G), MoMAH announced the release of the updated draft of the Implementing Regulations for the White Lands Fees on the "Istilaad" platform, overseen by the National competitiveness center, for public consultation. The consultation period begins on 15/01/1447H (corresponding to 10/07/2025G) and ends on 30/01/1447H (corresponding to 25/07/2025G).

Article 8, Paragraph (1)(d) of the updated draft Implementing Regulations for the White Lands Fees stipulates that "the application of the fee shall cease upon the fulfillment of any of the following criteria, including the completion of land development or construction within the regulatory period for fee payment." As of the date of this prospectus, all of the Company's lands are currently under planning, design, and development phases. The Company does not currently possess any vacant land for investment purposes, and therefore, the Company is not subject to any fees. This indicates that there is no material financial impact on the Company based on the draft Implementing Regulations.

It is also worth noting that the Company has previously received fee invoices in past years, from which it was exempted. The Company submitted either a request for invoice cancellation or a request for an extension, supported by a report from an accredited engineering office outlining the timeline for the commencement and completion of the project's development. All such requests are reviewed by a committee dedicated to the White Land fee program, and the applicant is notified of either acceptance or rejection of the request. All of the Company's previous requests, whether for cancellation or extension, have been accepted. The Company submits all supporting documentary evidence for its requests (initial approvals, building permits and final approvals and completion certificates). It should be noted that there was only one instance where an invoice was issued to AlRaeah Real Estate Company for an amount of SAR 1,039,216, for which an enforcement order was issued on February 16, 2025G. AlRaeah Real Estate Company made the payment on May 6, 2025G. It should be noted that the project for which this invoice was issued has been constructed and an occupancy certificate was issued (which is considered part of the supporting documentation) and the company is working on recovering the aforementioned amount.

MoMAH will review the submitted observations and suggestions before issuing the final version of the implementing regulations. For further details, please refer to section 2.2.6 ("Risks Related to Changes in Laws and Government Policies in Saudi Arabia") of this Prospectus, as this may have a significant and material adverse effect on the Company's business, financial position, results operations, and future prospects.

2.2.12 The Impact of the Highly Competitive Industry in which the Company Operates

The real estate industry in Saudi Arabia, and in particular the development of residential real estate projects in the Kingdom, is highly competitive, and the Company expects such competition to increase and intensify in the future. The Company faces competition from domestic developers of real estate projects, in the areas where the Company currently operates and where it may develop new projects in the future. Competition may affect the Company's ability to sell its residential units at expected prices. The Company's competitors may lower their pricing for comparable developments, which could result in downward pricing pressure. The Company also faces the risk that competitors may anticipate and capitalize on certain potential investment opportunities in advance of the Company doing so. Increased competition may also increase the Company's costs of financing, materials, and sub-contractors. Certain of the Company's competitors may have greater financial, technical, marketing or other resources, including with respect to the size and quality of their land, and, therefore, may be able to withstand increased costs, price competition and volatility more successfully. In addition, the Saudi government supported or could support new entrants or other property development companies to implement its general development strategy, which would further increase competition. Any oversupply or competition in the Company's market could have a material adverse impact on its business, results of operations and financial position.

As the property development market in the Kingdom is currently fragmented, property developers may also consolidate to achieve competitive advantages and economies of scale. If consolidation in the Saudi real estate market were to occur, there is a risk that the Company would have to operate in a more competitive marketplace and against larger competitors than it has had historically. The Company may not be able to effectively compete with present and future competitors. Changes in the competitive environment could cause a reduction in its margins and cause the Company to lose or reduce market share, and this, in turn, would adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.2.13 Risks Relating to the Outbreak of Infectious Diseases

The outbreak of an infectious disease in the Kingdom or elsewhere or any other serious public health concerns would have a materially negative impact on economies, financial markets and business activities around the world, as well as on the Company's business operations. For example, COVID-19 – a global pandemic caused by the novel coronavirus SARS-CoV-2 as declared by the WHO – led to some precautionary measures being taken by governments, companies and individuals, causing business disruptions worldwide. The COVID-19 pandemic has negatively impacted global economies, financial markets, global oil demand and prices, and the overall ecosystem in which the Company operates, due to strict precautionary measures, travel and public transportation restrictions, lockdown requirements, social distancing, and prolonged closure of workplaces and suspension of economic activities, causing therefore significant damage to the Kingdom's economy. In addition, any new or additional preventive measures which may be imposed due to the outbreak of infectious diseases – being COVID-19 or other – would have a material adverse impact on the Company's business, results of operation, financial position and future prospects.

2.2.14 Risks Related to Expropriation

The government of the Kingdom of Saudi Arabia, along with certain governmental entities, have the right to expropriate property for public benefit (e.g., for building roads and public facilities). In the event of expropriation, the acquisition occurs after an unspecified notification period, as it is governed by a special law. Although compensation may be paid, there is a risk that the compensation amount may not be sufficient compared to the level of investment, lost profits, or the increase in investment value. The compensation amount may be less than the market value of the property at the time of acquisition or less than the price paid during purchase. If any of the Company's properties are expropriated, this could have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

2.2.15 Risks Related to the Prices of Electricity, Water and other Services

Regulatory authorities in the Kingdom, including the Council of Ministers; Ministry of Energy; and Ministry of Environment, Water and Agriculture; periodically and unexpectedly increase the tariffs of main utilities and services, including electricity, water, and fuel, which in turn generally increases the operating costs for all companies, affecting more specifically the companies operating in real estate sector. The Company's expenses for water, electricity and other services amounted to around SAR 201 thousand, SAR 460 thousand, SAR 456 thousand, SAR 350 thousand and SAR 325 thousand for FY2021G, FY2022G, FY2023G and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G, respectively. Thus, the Company may not be able to pass any expenses increase to its customers, which could lead to an increase of the Company's overall costs and to additional operating costs, resulting in a material adverse effect on the Company's business, financial position, results of operations, and future prospects.

2.2.16 Risks Related to Changes in Relevant Laws and Regulations

The Company is supervised by different governmental entities in Saudi Arabia, including but not limited to the Ministry of Commerce, MoMAH, Royal Commission for Riyadh City (RCRC), municipalities, Civil Defense and others. Therefore, the Company is subject to the risks related to changes in laws, regulations, circulars and governmental policies in Saudi Arabia, such as the laws and regulations governing taxes, real estate properties, construction, safety, environment, labor, health and safety criteria and others. The regulatory and legislative environment in Saudi Arabia is subject to constant change and development to keep pace with developed economic and administrative policies and trends and global best practices. Moreover, the costs of compliance with these systems are high. In the event that any changes are made to existing laws and regulations, or new laws and regulations governing the real estate development and operation sector are issued, the Company may be forced to make changes to its business and position to meet the requirements of such laws and regulations, which will result in the Company incurring additional unexpected financial expenses, whether exceptionally or continuously. Moreover, the Company may not succeed in adapting its position and may violate any new laws, which could materially and adversely affect the Company's business, results of operations, financial position and future prospects. The Group must continuously comply with the laws and regulations relating to its business and operations. Accordingly, should the Company fail to comply with these laws, it will be subject to fines or penalties imposed by the relevant authorities, which will have an adverse impact on the Group's business, financial position, results of operations and future prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to the Effective Control by Current Shareholders Post-Offering

Following completion of the Offering, the current Shareholders will collectively hold 70.0% of the Offer Shares. The Substantial Shareholders will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts, important Company activities, distribution of dividends and amendments which might be made to the Company's share capital and the Bylaws.

The interests of Substantial Shareholders may differ from those of the Company's other shareholders, and the Substantial Shareholders may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Company's other shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discourage bids for the Shares, which may adversely affect the value of the Shares.

Such powers might be used in a manner which would adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.3.2 Risks Related to Liquidity and Absence of a Prior Market for the Shares

There has been no previous public market for offering or trading the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares would be adversely affected or result in the loss of all or a portion of the Subscribers' investment in the Company, which would adversely and materially affect their anticipated returns.

2.3.3 Risks Related to Future Sale and Offering of Shares

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares. Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a six-month Lock-up Period, during which they may not dispose of any Shares that they own. The sale of a substantial number of Shares by any of the Substantial Shareholders following the Lock-up Period could have an adverse effect on the market for the Shares and may result in a lower market price. The Company does not currently intend to issue additional Shares after the end of the Offering. If the Company decides to raise capital by issuing new Shares, the newly issued Shares may decrease their value. Any of the aforementioned factors could have a material adverse effect on the Shareholders anticipated returns and could result in the loss of their investments, whether totally or partially, which could have a material adverse effect on the Company's business, results of operations, financial positions and future prospects.

2.3.4 Risks Related to Fluctuations in the Market Price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Company, the prospects for the Company's business, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. The Offer Price may not be equal to the price at which the Shares will be traded following completion of the Offering and investors may not be able to resell the Offer Shares at the Offer Price or above or may not be able to sell them at all.

In general, the stock market occasionally experiences significant fluctuations in price and volume, and such market volatility may lead to considerable changes in stock prices, which could result in a decline in Share value, with increased price volatility if trading volume decreases. The Share price may be negatively impacted by several factors, including, but not limited to, the Company's performance, expected operating results, the departure of key personnel, changes in earnings estimates or forecasts, changes in business strategy, market conditions specific to the Company's sector, the overall economic conditions in the Kingdom, any changes in laws and regulations, acts of terrorism, wars, natural disasters, and stock market price fluctuations. The occurrence of any of these risks or other factors may have a material and negative impact on the expected returns for subscribers or result in the loss of all or part of their investments in the Company, which could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.3.5 Risks Relating to the Company's Ability to Distribute Dividends

Future distribution of dividends will depend on several factors including, among other things, future earnings, financial positions, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. In addition to other factors, the Company may not be able to pay dividends, and the Directors may not recommend and the Shareholders may not approve the payment of dividends. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for distribution of dividends. If the

Company does not pay dividends on the Shares, Shareholders may not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase, which would have a material adverse effect on Subscribers' anticipated returns. For further details, please refer to Section 7 ("Dividend Distribution Policy").

2.3.6 Risks Related to the Issuance of New Shares in the Market Post-Offering

If the Company decides to raise additional capital by issuing new shares, this will lead to a decrease in the equity of Company shareholders if they do not subscribe to the new shares issued at that time, which could have a negative and material impact on the expected returns of subscribers.

2.3.7 Risks Related to Market Stock Price Fluctuations

The Offer Price determined during the offering may not be an indication of the price at which the Shares will be traded in the Market once the Offering is completed, and Subscribers may not be able to resell the Offer Shares at or above the Offer Price or may not be able to sell them at all. The trading price of Shares may be volatile and may fluctuate significantly as a result of a variety of factors, many of which are outside the Company's control, including (but not limited to) the following:

- The Company's financial results and future business prospects.
- Fluctuations in the Company's operational performance or in the performance of its competitors.
- Actual or expected fluctuations in the quarterly or annual results of the Company's operations.
- Reduction or change in research coverage by securities research analysts in relation to the Company, its competitors, or the sector in which the Company operates.
- The public's reaction to the Company's press releases and other public announcements.
- The results of the Company or its competitors not falling in line with the expectations of analysts.
- Appointment or resignation of key employees.
- Changes in the Company's business strategy.
- The general conditions of the sector in which the Company operates and the markets in which it competes.
- Changes in the regulatory environment.
- Changes in applicable accounting rules and policies.
- Political or military developments, or terrorist attacks in the Middle East or elsewhere.
- Political, economic or other developments that occur in or affect the Kingdom.
- Beginning or expiration of the lock-up period or other restrictions in the transfer of Shares.
- Natural and other disasters.
- Changes in the general market and economic conditions.

The occurrence of any of these factors may result in large and sudden changes in the trading volume and market price of the Shares, which in turn may lead to a negative impact on the expected returns of the Subscribers and/or lead to the loss of all or part of their investment in the Company.

2.3.8 Risks Related to the Failure to Publish Research or Publishing Research Unfavorable to the Company

After Listing, the Company's shares will be influenced by the research and reports published by analysts about the Company or the sector in which it operates. If one or more of the analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the latter could lose visibility on Tadawul, which in turn could cause its share price or trading volume to decline. Moreover, if the Company's operating results do not meet investor expectations, one or more of the analysts who cover the Issuer may change their recommendations regarding the Company, and its share price could decline as a result.



3. Overview of The Market and Industry

3.1 Introduction

All information presented in this Prospectus document is based on research conducted in April (Q2) 2024G by Colliers to analyze the Saudi market, including population forecasts and residential industry trends, using resources of publicly available information from the General Authority for Statistics (GaStat), Euromonitor, Ministry of Finance, Ministry of Justice (MoJ), Real Estate General Authority (REGA), among others.

Nothing in this Prospectus document is or should be relied on as a promise or representation as to the future. Accordingly (subject as aforesaid), not Colliers, nor the directors, shareholders, managers, employees, or agents of any of them nor any other person, shall be liable for any direct, indirect, or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this document and any such liability is expressly disclaimed.

Nothing in this executive summary constitutes a valuation or legal advice. This executive summary is not a Prospectus and does not constitute or form any part of an offer or invitation to subscribe for, underwrite, or purchase securities or any of the assets, business, or undertaking described herein, nor shall it or any part of it form the basis of, or be relied upon, in any way in connection with any contract or investment decision relating to any securities, assets, business or undertaking. Accordingly, interested parties are advised to carry out their own due diligence, investigations, and analysis of any information contained or referred to herein or made available to them at any stage.

3.2 The Kingdom's Economy and Performance Overview

3.2.1 Macro-Economic Indicators

Saudi Arabia stands as the largest economy within the Gulf Cooperation Council, boasting a projected nominal GDP of SAR 4,261 billion for 2024G, an increase from the estimated SAR 4,136 billion in 2023G.

The Ministry of Finance's Budget Statement for FY2024G highlights the nation's economic vitality, reflecting an 8.7% Real GDP growth in FY2022G driven by robust activity in both the oil and non-oil sectors. However, due to strategic oil production adjustments, the real GDP year-on-year growth rate normalized to 0.03% in FY2023G, while the non-oil sector real GDP continued to flourish with a 5.4% increase. For FY2024G, the economy is anticipated to expand by 4.4%, propelled by sustained reforms and burgeoning non-oil sector contributions.

In terms of price stability, according to 2022G census data, the inflation rate stood at 2.5% in FY2022G and was expected to marginally increase to 2.6% for FY2023G. Projections for FY2024G forecast a slight reduction in inflation to 2.2%, demonstrating the Kingdom's adeptness in managing economic fluctuations and maintaining consumer price stability. According to the Ministry of Finance, it predicts a real GDP growth of 5.7% in 2025G, with inflation further declining to 2.1%.

The National Investment Strategy (NIS) is a cornerstone of Vision 2030, targeting an increase in investment's GDP share from 22% in 2019G to 30% by 2030G. This strategic initiative underscores Saudi Arabia's commitment to fostering a robust investment climate, enhancing private sector growth, and generating new employment opportunities, which are integral to achieving long-term economic objectives.

Table 3.1: Economic Indicators

Indicators	2018G	2019G	2020G	2021G	2022G (*A)	2023G (*E)	2024G (*F)	2025G (*F)	2026G (*F)
Nominal GDP (SAR Billion)	2,949.46	2,973.63	2,625.44	3,126.00	4,157.00	4,136.00	4,261.00	4,494.00	4,774.00
Inflation (% Change)	2.46%	(2.10%)	3.44%	3.10%	2.50%	2.60%	2.20%	2.10%	1.90%
GDP Deflator	112.10	112.60	103.70	119.66	146.40	145.60	143.70	143.40	144.90
Real GDP (SAR Billion)	2,631.09	2,639.81	2,531.41	2,612.41	2,839.70	2,840.50	2,965.50	3,134.60	3,294.40
YoY Change in Real GDP	2.43%	0.33%	(4.11%)	3.20%	8.70%	0.03%	4.40%	5.70%	5.10%

Source: GaStat 2022G, Ministry of Finance 2024G

Note: (A) Actual, (E) Estimated, & (F) Forecasted. Figures may include rounding errors.

3.2.2 Revenue Streams and Government Expenditures

The Saudi government's fiscal strategy showcases stability in total revenue, projected at SAR 1,193 billion for FY2023G, with a modest adjustment to SAR 1,172 billion expected in FY2024G. This stability demonstrates prudent fiscal management and the ability to sustain revenue streams amidst global economic challenges.

On the expenditure front, there was a planned increase to SAR 1,257 billion in FY2023G from SAR 1,164 billion in FY2022G, underscoring the Kingdom's dedication to bolstering infrastructure and social services. For FY2024G, expenditures are expected to slightly decrease to SAR 1,251 billion. This budget adjustment is strategic, focusing on investments aimed at economic diversification and enhancing public welfare, ensuring sustainable development in alignment with the nation's long-term economic goals.

Indicators	2022G (*A)	Budget 2023G	2023G (*E)	Budget 2024G (*F)	2025G (*F)	2026G (*F)
Total Revenue (SAR Billion)	1,268	1,130	1,193	1,172	1,227	1,259
Total Expenditure (SAR Billion)	1,164	1,114	1,257	1,251	1,300	1,368
Budget Surplus/Deficit (SAR Billion)	104	16	(82)	(79)	(73)	(109)

Source: Ministry of Finance 2024G

Note: (A) Actual, (E) Estimated, & (F) Forecasted.

Saudi Arabia's Vision 2030: Transforming Tourism and Business Landscape

In 2023G, according to the Ministry of Tourism, Saudi Arabia achieved its initial goal of attracting 100 million tourists seven years ahead of schedule and has ambitiously revised this target to 150 million, reflecting the nation's growing appeal as a global tourism destination. Concurrently, the expansion of the 'privileged iqama' system introduces new categories tailored to attract top talent across various sectors. These developments are pivotal components of Saudi Arabia's Vision 2030, designed to accelerate economic growth and diversify the kingdom's economic base beyond its traditional oil industry.

The strategic enhancements and regulations undertaken are reflected in Saudi Arabia's improved ease of doing business ranking, which jumped from 92nd place in 2019G to 62nd place in 2020G, according to the World Bank Group 2020G. This improvement highlights successful efforts in enhancing the business climate, protecting minority investors, facilitating cross-border trade, and enforcing contracts. This proactive approach has notably improved Saudi Arabia's business environment.

Moreover, in the 2022G global competitiveness index, Saudi Arabia advanced in government and business efficiency, enhancing its rank from 32nd in 2021G to 17th place by 2023G, signaling its growing prowess as a competitive, investor-friendly economy.

Amidst global economic uncertainties, Saudi Arabia remains committed to fiscal sustainability and strategic expenditure, ensuring the nation is well-positioned to respond to external economic shifts and achieve its ambitious Vision 2030 objectives.

3.2.3 Population and Breakdown

The Kingdom of Saudi Arabia has demonstrated consistent population growth, increasing from 30.20 million in 2018G to 32.18 million in 2022G, growing at a compound annual growth rate (CAGR) of 1.6%. This trend not only highlights the expanding market potential, but also underscores the critical role of demographic dynamics in shaping economic diversification and development strategies.

Demographic Composition and Consumer Behavior

Saudi Arabia's demographic landscape is predominantly shaped by its younger generations, with Generation Z (ages 15-24) and Millennials (ages 25-39) forming the largest demographic cohorts accounting for 74% of the total population. These groups are pivotal in driving consumer market trends due to their substantial size and distinctive consumption patterns, which are increasingly oriented towards modern living, digital engagement, and mixed-use developments.

Based on the latest 2022G census data, Saudi Arabia's population was estimated to reach approximately 32.97 million in 2023G and is expected to grow at an annual rate of 2.45%, projected to reach 39.14 million by 2030G. This growth is predominantly driven by Saudi nationals, who make up about 58% of the population. Consistent with the objectives of Vision 2030, there is a strategic emphasis on attracting more expatriates to further stimulate demographic and economic expansion.

Table 3.2: Population Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Million	19.25	19.73	20.21	20.71	21.22	21.74	22.27	22.82
Non-Saudis	Million	13.72	14.06	14.42	14.78	15.15	15.53	15.93	16.33
Total	Million	32.97	33.79	34.63	35.49	36.37	37.27	38.20	39.15

Source: GaStat, 2022G

The burgeoning population and escalating demand for housing are catalyzing the expansion of the real estate sector highlighting significant demographic shifts and evolving consumer preferences.

3.2.4 Households

The number of households in Saudi Arabia is projected to reach approximately 8.47 million in 2023G, with an anticipated growth rate of 3.64% annually between 2023G and 2030G, culminating in a total of 10.88 million households by 2030G. Concurrently, while the overall population and number of households increase, the average household size is expected to decrease from 3.9 in 2023G to 3.6 by 2030G. The increase in both Saudi and non-Saudi households, coupled with a trend towards smaller household sizes, suggests a growing demand for diverse housing options, including smaller, more affordable units.

Table 3.3: Household Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Million	4.30	4.46	4.62	4.79	4.97	5.15	5.33	5.53
Non-Saudis	Million	4.17	4.32	4.48	4.64	4.81	4.98	5.16	5.35
Total HH.	Million	8.47	8.78	9.10	9.43	9.78	10.13	10.49	10.88

Source: GaStat, 2022G.

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	HH Size	4.5	4.4	4.4	4.3	4.3	4.2	4.2	4.1
Non-Saudis	HH Size	3.3	3.3	3.2	3.2	3.1	3.1	3.1	3.0
Avg. HH. Size	HH Size	3.9	3.8	3.8	3.8	3.7	3.7	3.6	3.6

Source: GaStat, 2022G

3.2.5 Employed Population and Income

Based on 2022G data from GaStat, it can be deduced that the income distribution across Saudi Arabia's generations highlights significant differences. Baby Boomers, aged over 60, have the lowest average gross income at approximately SAR 47,705, a reflection of decreased economic activity in retirement. In contrast, Generation X, those between 40 and 59 years old, exhibit the highest average annual incomes, peaking at SAR 83,036 for the 40-44 age bracket, showcasing their prime earning capacity and significant consumer spending. Millennials (Gen Y) and Generation Z also display a rising income trajectory as they progress in their careers, with Millennials reaching up to an average annual income of SAR 82,105 near the end of their age spectrum, illustrating their increasing economic influence.

The employed population in Saudi Arabia witnessed an increase from 14.75 million in Q4 2022G to reach approximately 15.88 million in Q4 2023G. Non-Saudis experienced a 9.0% rise in employment, surpassing the 4.0% for Saudis, suggesting that sectors dominated by expatriates are growing rapidly. Remarkably, female employment surged, with Saudi and non-Saudi women seeing increases of 7.5% and 13.7%, respectively, reflecting successful gender inclusion efforts aligned with Vision 2030's objectives to enhance female workforce participation.

The employed population's income and portion of disposable income is a vital indicator of consumer spending and affordability (this will be discussed in detail under each of the major KSA cities sections of this report).

Table 3.4: Employed Population KSA

Category	Unit	Q4'22			Q4'23		
Nationality		Male	Female	Total	Male	Female	Total
Saudi Employed persons	Million	230	147	377	233	158	392
Non-Saudi Employed Persons	Million	9.67	1.31	10.98	10.48	1.49	11.97
Total	Million	11.97	2.78	14.75	12.81	3.07	15.88

Source: GaStat.

Regulatory, Financial, and Partnership Initiatives

Saudi Arabia's Vision 2030 outlines a transformative agenda aimed at diversifying the national economy beyond its traditional oil base, positioning real estate development as a cornerstone of the transformation. The government has implemented a series of regulatory enhancements and financial mechanisms to stimulate growth and broaden access to the real estate sector.

Regulatory Enhancements

- **White Land Tax and Real Estate Transaction Tax:** Set at 5%, these taxes are designed to optimize land use and catalyze development.
- **Off-Plan Sales and Lease Committee Platform (Overseen by the Real Estate General Authority) and Down-payment Adjustments:** Facilitates property ownership and enhances market liquidity by allowing off-plan sales and reducing minimum down payments.

Financial Instruments and Support

- **Mortgage Financing Expansion:** Backed by the Real Estate Development Fund and the Tourism Development Fund, these initiatives aim to improve housing affordability and stimulate sectoral growth.
- **MoMAH Initiative:** "Your First Home. Tax-Free" is a program designed to support Saudi citizens in purchasing their first home by exempting them from Value Added Tax (VAT) on the purchase price up to a certain limit.

Public-Private Partnerships

- **MoMAH Initiatives:** These partnerships are crucial for expanding housing solutions, significantly increasing the supply of housing constructed by the private sector on government-owned lands.

3.3 Riyadh

3.3.1 Overview

Riyadh, the capital city of Saudi Arabia, serves as a central hub with a substantial population and strategic connectivity to the rest of the country. Over recent decades, Riyadh has seen consistent growth across its business sectors, population, and urban development. The north and central zones of the city have emerged as the business epicenters of the Kingdom, supporting a diversified economy that spans real estate, finance, logistics, tourism, and entertainment. The launch of initiatives such as Riyadh Development Plan, which includes projects like King Salman Park, Green Riyadh and Riyadh Sports Boulevard, Vision 2030 and the Events Investment Fund has been pivotal in driving this economic expansion.

The city's major demand generators, including existing and planned developments, are strategically dispersed throughout Riyadh. Recent trends indicate an expansion towards the outer northern, western, eastern, and southern regions, signaling ongoing urban growth. Moreover, Riyadh is experiencing a boom in mixed-use developments with prominent projects like New Murabba, Diriyah Gate, and Qiddiya being at the forefront, complemented by numerous smaller-scale developments. By 2030G, these projects are expected to significantly increase the city's real estate supply, incorporating residential, retail, hospitality, and office spaces into their designs. This comprehensive development approach is set to further enhance Riyadh's position as a dynamic metropolitan center.

3.3.2 Population, Households and Income

Based on the 2022G Saudi Census and historical trends, a base case scenario estimates that the population will reach approximately 8.71 million by 2030G. According to this base case scenario, Riyadh's population is expected to grow at a CAGR of 2.75%, increasing from an estimated 7.20 million in 2023G to 8.71 million by 2030G. Concurrently, the number of households is anticipated to increase from approximately 1.98 million to 2.68 million, reflecting a higher CAGR of 4.45% from 2023G to 2030G. In addition, the employed population is expected to grow from approximately 4.47 million in 2023G to approximately 6.95 million in 2030G, representing a growth rate of 6.5%. However, a higher growth rate is expected in line with the objectives of Vision 2030 for Riyadh, which targets a population of approximately 15 million by 2030G. Additionally, Colliers projects a normalized scenario that is between the Base Case and Vision 2030 scenarios, estimating the population to reach 11 million by 2030G. The exhibit below illustrates the forecast for the base case scenario. All projected figures following 2022G are based on the analysis and assumptions of Colliers, derived from the 2022G KSA Census and historical data trends.

Table 3.5: Population Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Million	3.43	3.52	3.61	3.70	3.79	3.88	3.98	4.08
Non-Saudis	Million	3.77	3.88	3.99	4.11	4.24	4.36	4.49	4.63
Total	Million	7.20	7.40	7.60	7.81	8.03	8.24	8.47	8.71

Source: GaStat, 2022G

Table 3.6: Household Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Million	0.81	0.84	0.88	0.91	0.96	1.00	1.05	1.09
Non-Saudis	Million	1.17	1.23	1.28	1.34	1.40	1.46	1.52	1.59
Total	Million	1.98	2.07	2.16	2.25	2.36	2.46	2.57	2.68

Source: GaStat, 2022G

Moreover, Generations X and Y, comprising 61% of Riyadh's population, are significant contributors to the city's workforce with Generation X (aged 40 to 59) possessing the highest per capita spending power in the Kingdom. Nevertheless, income distributions within Riyadh show that approximately 57% of households earn a monthly income of less than SAR 16,000, while about 8% exceed SAR 40,000. Furthermore, 70% of the residential demand originates from households earning SAR 20,000 or less per month.

The anticipated population growth and facilitated home ownership policies are expected to drive increased demand in Riyadh's housing market. This demographic and economic expansion suggests a robust potential for residential development, particularly for affordable housing units, to accommodate the majority of the city's households.

3.3.3 Supply

The total supply of residential units in Riyadh was estimated at approximately 2.21 million units in 2023G and is projected to reach nearly 2.99 million by 2030G. Data from GaStat 2022G reveals that apartments are the predominant housing type, constituting 57% of all occupied units within Riyadh Province, reflecting a growth of 10 percentage points since 2017G. In terms of tenure, the rental market dominates, accounting for about 63% of the housing stock, the majority of which is occupied by non-Saudi households. Conversely, owned units represent only 23% with 91% of it owned by Saudi households. Recent government initiatives aimed at enhancing the mortgage market are expected to significantly bolster ownership rates.

Table 3.7: Typology Share

Category	2017G	2022G
Traditional House	6%	4%
Villa	25%	23%
A Floor in a Villa	18%	11%
Apartment	47%	57%
Other	4%	5%

Source: GaStat, 2017G - 2022G

During the forecast period, Riyadh is expected to witness the addition of several confirmed forthcoming residential developments estimated at c. 285k units between 2024G and 2030G. As at the current period, there are around 210k units that have not yet been sold, representing the unsold forthcoming supply. Most of these unsold units are expected to be introduced to the market around 2030G, in the form of large mixed-use megaprojects. Notably, giga and mega projects comprise the largest share representing approximately 77% of the forthcoming residential supply.

Riyadh's strategic plan is designed to accommodate a growing population and to provide opportunities for private developers to launch large-scale projects. This significant boost in the expatriate community is expected to result in a population increase, thereby escalating the demand for both leasehold and freehold units, especially if foreign ownership restrictions are relaxed. Moreover, changing demographics are shaping the types of developments underway, with a shift towards upgraded affordable housing, master-planned communities, and apartment complexes that cater to a diverse resident profile.

3.3.4 Demand, Affordability and Market Gap

In 2023G, Riyadh's demand for residential units was estimated at 1.98 million, with projections to increase to 2.68 million by 2030G, according to the base case scenario which considers GaStat forecasted population of c. 8.7 million. The primary driver of this demand, constituting approximately 81% of the market, is attributed to the formation of new households amidst a growing population and a trend towards smaller household sizes.

By 2030G, it is projected that households with an income of SAR 16,000 and above will represent about 54% of all households, up from 43% in 2023G, reflecting a shift towards higher income brackets. These households will likely be able to afford properties valued at SAR 860,000 and above, inclusive of support from the Real Estate Development Fund (REDF). The REDF Grant can be obtained if certain criteria are met including being Saudi, married, and the real estate unit being the first owned housing. The remaining 46% of households, with incomes below SAR 16,000, will likely be able to afford properties valued at less than SAR 860,000, indicating a strong need for affordable housing.

Under the base scenario, the incremental market gap based on the total supply of residential units is expected to be around 91,000 units.

However, under the more ambitious Riyadh vision scenario, which forecasts the population to reach 15.4 million by 2030G, the anticipated surge in demand due to new household formations could expand the market gap significantly. This scenario estimates an increase in total addressable demand by approximately 32% over the base case, potentially creating a market gap of about 1.4 million units, assuming constant supply levels. Additionally, a normalized scenario has been calculated, predicting that Riyadh's population will reach 11 million by the end of 2030G. This scenario reflects a partial realization of the Vision 2030 targets and leads to a market gap of approximately 563,000 units.

3.3.5 Performance based on REGA transactions – LTM Q1 2024G

The real estate landscape in Riyadh is characterized by its diverse dynamics, with different zones exhibiting varying levels of development, demographic compositions, and market demands. Over the period from 2020G to 2023G, the market was predominantly driven by residential land transactions, followed closely by villa and apartment sales. Notably, in 2023G, apartment transactions exceeded those of villas for the first time, highlighting a shift in housing affordability. This change is evidenced by the substantial compound annual growth rate (CAGR) of 33.87% for the years 2020G-2023G in apartment transactions, which was gradually closing the gap with villa transactions. This trend underscores a growing demand for apartments among end users, due to their affordability. Additionally, there was a slight decline in overall transaction volumes in 2023G, this can be attributed to the slight decrease in transactions for Villas and Residential Lands.

3.3.5.1 Apartments

In Riyadh, transaction activity was particularly high in the North and Northeast zones, which together accounted for approximately 28% of the city's total transacted area. This increased activity is driven by the presence of supply (MoMAH projects), offering cost-effective housing units, complemented by a surge in high-rise apartment developments in the North. Conversely, the Far Northeast experienced one of the lowest levels of transaction activity, largely due to ongoing construction related to MoMAH masterplans in the area, that have not been transacted yet.

In Riyadh's residential apartment market, 54% of transactions occurred below the 1 million SAR mark, while the remaining 46% exceeded this figure, with the highest averages noted in the Northwest. Zones like Central, Central West, North, Northwest, and West, which transact above 1 million SAR, benefit from their proximity to major CBDs and ongoing infrastructure developments such as the Riyadh Bus Network, Riyadh Metro and Green Riyadh.

The highest average prices per square meter were seen in the Central West zone, influenced by the increased demand due to the quality of infrastructure and high standard of development in the area. The Central Zone also featured high average prices, reflecting its prime location near major CBDs and numerous high-rise developments. Conversely, the Lower South Zone offered the most affordable options. Notably, there is a significant presence of

high-rise apartment towers in the northern part of Riyadh, particularly along King Salman Road and within the Al Sahafah District. This concentration is attributed to the higher Build-Up Area (BUA) and height allowances in these areas, which facilitate the development of high-rises and contribute to the upward trend in property values.

From 2020G to 2023G, Riyadh's residential apartment market saw a significant increase in the average transaction price per square meter, growing at a compound annual growth rate (CAGR) of approximately 17.49%. This trend highlights the highest growth rates among all residential property types, indicating a robust and increasing demand for apartment living across the city. The 62% growth observed during this period underscores a significant shift in demand among residents towards apartments.

Average apartment sizes across all zones showed little variation, typically ranging between 131 sqm and 155 sqm, reflecting a consistent market demand for specific unit types and an emphasis on space efficiency by developers. While most units follow standard configurations, top floors may feature exclusive designs like penthouses and duplexes.

3.3.5.2 Villas

Transaction activity in the villa market was notably high in the Lower South and Far West Zones, together accounting for about 29% of the city's total transacted area in sqms. This increased activity is largely due to the availability of relatively more affordable housing units in these areas and the introduction of new projects, particularly in the Far West Zone. In contrast, the West Zone exhibited one of the lowest levels of transaction activity, primarily due to the scarcity of residential projects in that area.

In Riyadh's residential villa market, the Northwest Zone commands the highest average transaction prices, closely followed by the Central West Zone. Conversely, the most affordable villas are typically found in the Lower South Zone. Notably, within the price per square meter metric, the Central West Zone stood out with the highest average transaction prices across the villa market.

From 2020G to 2023G, the average transaction price per square meter in Riyadh's residential villa market experienced substantial growth, recording a CAGR of approximately 14.35%.

3.3.5.3 Residential Lands

Transaction activity was most notable in the Lower South, accounting for about 32% of the city's total transacted area in sqm. This area attracts heightened activity due to the relatively lower cost of plots compared to other city zones and the availability of these plots. In contrast, the Central West Zone experienced one of the lowest levels of transaction activity, hindered by the scarce availability of residential plots and higher-than-average price points, which limit buyer interest compared to more affordably priced regions.

In Riyadh's residential land market, the Central West Zone notably registers unit prices well above the city average, primarily driven by the substantial plot sizes typical in the Al Raed District. In terms of price/sqm, the Northwest Zone commanded the highest average transaction prices followed by the Central West Zone, due to being among the most sought-after areas in the city with bigger properties, wider roads and enhanced amenities, which increase desirability.

On the other hand, the lowest prices and sale rates were recorded in the Far Northeast zone, primarily due to the current lack of supporting infrastructure and ongoing development, which depresses land values. However, as infrastructure improves and development projects with better quality progress, prices in this area are expected to rise.

From 2020G to 2023G, the average transaction price per square meter saw a substantial increase, growing at a compound annual growth rate (CAGR) of 17.30%. The influx of major masterplans and developments throughout the city, which is in line with Saudi Arabia's Vision 2030G, has ultimately heightened demand from both domestic and international investors. Areas designated for these masterplans and those in proximity have experienced significant land price appreciation.

3.3.6 Competitive Landscape in Riyadh

Riyadh's real estate market is highly competitive, influenced by established developers, new entrants, and significant government-led initiatives. Giga projects such as KAFD, Diriyah Gate, and New Murabba are transforming Riyadh into a global metropolis and will add a significant number of residential units in the coming years.

The city's rapid growth and strategic importance have attracted numerous developers, each striving to cater to the diverse and expanding demand for the residential sector. AlMajdiah is recognized as a prominent player in the apartment sector, in Riyadh, due to its extensive portfolio, and strategic locations in high-demand areas, significantly influencing design standards and pricing benchmarks in the residential segment across the city. The competitive landscape analysis focused on direct comparisons to AlMajdiah's portfolio, evaluating major apartment developers across various districts in Riyadh.

3.3.6.1 Northern and Northwest Zones

In Riyadh's Northern and Northwestern Zones, Safa Investments and Al Ajlan Riviera are key players. They attract affluent residents with residential projects featuring good quality finishings at an affordable price point. Safa Investments has nine projects under construction, expected to be completed between 2024G and 2025G. Al Ajlan Riviera has four projects under construction, set to offer 370 units by 2025G. AlMajdiah currently have two announced projects that are set to offer a total of 528 units within these zones by 2025G. Whilst AlMajdiah already maintains a strong presence throughout the city of Riyadh, it is evident through their forthcoming units that this reputation intends to be maintained.

3.3.6.2 Central and Central West Zones

In the Central and Central West Zones, Khawalid and Asas Makeen are prominent. Khawalid has grown their presence throughout Riyadh city within the past couple of years and continue to do so by bringing modern and high-quality developments to the city. Asas Makeen offers freehold residential apartments and villas and has recently started developing a leasehold project named Makeen 54. AlMajdiah currently has the highest presence in both these zones and has 72 units coming to market in the Central Zone of Riyadh by the end of 2024G.

3.3.6.3 Peripheral Zones

In the Peripheral Zones, particularly the East and South, Osus and the Government Housing Development Program are pivotal. Osus is expanding its portfolio with numerous residential apartments, office towers, and commercial developments, including the 772 units from the Murcia project in Khuzam Suburb. The Housing Development Program aims to boost homeownership and stimulate growth in these areas. Regarding the Southern zone of Riyadh, AlMajdiah has had limited presence in the past, yet are planning to bring to market 190 units by 2024G/2025G. Regarding the Eastern zone of Riyadh, AlMajdiah offers a current total of 353 units with no currently announced future projects within the area.

3.3.6.4 Market Trends

The West, Northwest, and Upper North zones consistently command the highest average prices per square meter among top developers surveyed within the city, a reflection of the high demand and superior quality of developments in these zones. Conversely, developments in the Eastern side of Riyadh attract slightly lower rates, primarily due to less developed infrastructure and fewer amenities nearby, which influences the overall attractiveness and pricing of these areas.

3.3.6.5 Success Factors

Riyadh's residential market is dynamic and rapidly evolving. The competition between established developers, new entrants, and government-led projects creates a robust and innovative environment. Aligning with Vision 2030 and leveraging current trends, developers can seize significant growth opportunities in this vibrant sector. It is imperative to note that there is a mismatch between some of the current supply and demand in terms of livability, finishing, amenities, and aesthetics. Developers should capitalize on that to increase their chances of success. To succeed in Riyadh's competitive residential market, developers should leverage market research, embrace sustainability, develop in parallel with the forward moving trends and necessities of the city's residents, enhance customer experience, and offer unique selling propositions with differentiated designs and amenities.

3.3.7 Demand, Supply, and Market Performance – Commercial

3.3.7.1 Retail Supply

In Riyadh, the total Gross Leasable Area (GLA) for organized retail space was estimated to be approximately 3.63 million square meters in 2023G. Malls are the dominant format, accounting for about 48% of the total supply, with lifestyle destinations and convenience centers making up the remainder. Malls primarily cater to general retail tenants, whereas convenience centers are more likely to house a higher proportion of grocery stores. Lifestyle destinations, on the other hand, tend to focus more on food and beverage offerings. This segmentation facilitates a clear differentiation in tenant mix, allowing both tenants and consumers to easily identify options that best meet their specific needs and preferences.

It is noted that malls exhibit the highest lease rates and occupancy rates among retail typologies, largely due to the high foot traffic they attract, making them highly desirable locations for businesses and retailers. Moreover, it is also observed that lease rates for line shops in Riyadh's premium Grade A developments are significantly higher, commanding an average premium of 41% over those in Grade B developments. Overall, the retail market maintains a healthy average occupancy rate of approximately 85%.

Looking forward, the total confirmed forthcoming supply of organized retail space is projected to be around 1.79 million square meters by 2030G. Of this, 26% are expected to take the form of malls, while the remaining 74% will predominantly be lifestyle destinations. One of the most significant upcoming projects in Riyadh's retail scene is The Avenues, which is set to further enhance the city's retail offerings.

3.3.7.2 Retail Demand and Gap

The demand for organized retail in Riyadh is anticipated to see a significant rise, expanding from approximately 3.63 million square meters to an estimated 6.26 million square meters by 2030G. This surge is primarily driven by the spending of both city residents and tourists, with tourist expenditure expected to grow at a faster rate. However, the dominant driver of this increased demand will remain the consumption patterns and preferences of local residents.

Under a base case scenario, which assumes a projected population of 8.7 million and taking into account only the confirmed forthcoming supply, the retail gap is expected to reach approximately a GLA of 844,000 square meters by 2030G. This projection highlights the ongoing transformation in Riyadh's retail landscape.

Concurrently, notable shifts are occurring within the market, particularly with the rise of e-commerce as a viable alternative to traditional shopping methods. This shift has spurred a decrease in demand for conventional retail formats within malls and lifestyle venues, forcing developers to adapt by increasing the focus on entertainment offerings and multi-purposed, flexible, and adaptable spaces, such as pop-up stores, and click-and-collect pick-up points. These emerging trends are reshaping the retail environment, indicating a dynamic evolution in consumer behavior and market demand.

3.3.8 Offices

Riyadh's office market is experiencing dynamic growth and transformation, reflecting the city's expanding economic landscape. King Fahd Road and Olaya Street serve as Riyadh's primary central business districts (CBDs), hosting some of the city's most iconic commercial office towers accounting for 61% of the total identified office supply. Over the past few years, North Riyadh has seen considerable growth, spurred by the development of significant mixed-use projects such as the King Abdullah Financial District (KAFFD) and numerous office plazas along Anas bin Malek Road. Major developments planned for the northern region include New Murabba and The Avenues. Additionally, several large-scale projects are in progress along King Khaled Road, further highlighting the area's increasing importance. These include major developments like Diriyah Gate and business parks.

3.3.8.1 Office Supply

The total office supply in Riyadh is estimated at c. 4.78 million sqm. Among the identified supply, premium offices, known for their iconic design, higher quality of construction and management, as well as dedicated facilities, account for 43% of the overall supply. The distribution between Grade A and Grade B office spaces is balanced, with each category contributing about 10% to the identified supply. The remaining supply is accounted for by existing supply that does not fall under the categories of Premium, Grade A and Grade B office spaces.

Lease rates across different office grades have shown a consistent increase over recent years, especially notable in the post-COVID-19 period as commercial operations have commenced and advanced towards the goals set by Vision 2030. This resurgence has led to a significant increase in lease rates across all tiers of office classifications.

As at Q4 2023G, the highest occupancy rates of 96% were exhibited by premium office developments, followed by Grade A and B offices with 95% and 86%, respectively.

By 2030G, an estimated 5.1 million sqm of new office supply is anticipated, out of which 2.23 million sqm are projects under construction and 2.96 million sqm are projects under planning, with mega projects accounting for approximately 73% of this forthcoming development.

3.3.8.2 Office Demand and Gap

The projected increase in supply aims to accommodate the expanding needs of the employed population, particularly among white-collar workers, which is expected to grow from 378,000 to 571,000. This growth necessitates an additional 232 million square meters of office space.

With the projected total office demand of approximately 6.86 million sqm of Gross Leasable Area (GLA) by 2030G under the base case scenario, there is an anticipated negative gap of about 157,000 sqm, suggesting a potential oversupply in the market. However, given the competitive nature of the real estate sector, it is crucial to continuously assess incremental demand to strategically capture market share and optimize development efforts in Riyadh's evolving office market landscape.

3.4 Jeddah

3.4.1 Overview

Jeddah, the second-largest city in Saudi Arabia after Riyadh, hosts a population of an estimated 3.82 million as at 2023G. The city has seen continuous growth in its business sectors and hosts one of the region's busiest seaports while also serving as a strategic gateway to Makkah. Unlike other cities in the Kingdom that are heavily reliant on oil and gas, Jeddah's economy is diversified, with tourism, logistics, and trade playing pivotal roles.

The city's expansion is predominantly directed towards the Far North, Northeast, and East zones. This growth is partly supported by the MoMAH initiative, which aims to alleviate housing shortages for the mid to lower income brackets and spearhead redevelopment in several high-density areas. These efforts highlight Jeddah's approach to urban development and economic diversification.

3.4.2 Population, Households and Income

Jeddah is projected to experience high population growth from the end of 2023G to 2030G, with its population increasing from 3.82 million to 4.37 million and the number of households rising from 1.12 million to 1.39 million. Concurrently, the employed population is expected to grow from approximately 983,000 to 1.11 million, marking a growth rate of 1.7% over this period. Income distribution shows that about 60% of Jeddah's households earn less than SAR 16,000 monthly, while a smaller segment, only 7%, earns more than SAR 40,000. Additionally, 71% of residential demand comes from households earning SAR 20,000 or less per month, indicating a strong need for affordable housing.

Table 3.8: Population Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Million	1.75	1.80	1.84	1.89	1.94	1.99	2.04	2.09
Non-Saudis	Million	2.07	2.10	2.13	2.16	2.19	2.22	2.25	2.28
Total Pop.	Million	3.82	3.90	3.97	4.05	4.13	4.21	4.29	4.37

Table 3.9: Household Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Thousand	449	464	479	494	510	527	544	562
Non-Saudis	Thousand	668	690	712	735	759	784	810	836
Total	Million	1.17	1.15	1.19	1.23	1.27	1.31	1.35	1.40

Source: GaStat, 2022G.

3.4.3 Supply

The estimated supply of residential units in 2023G stood at 1.29 million, projected to expand at a CAGR of 3.22%. By 2030G, this supply is anticipated to increase to approximately 1.61 million units, resulting in an increase in supply of 320,000 units.

According to GaStat's 2022G data, apartments are the predominant form of occupied housing, representing 67% of the total in Makkah province, which Jeddah city is a part of. The growth in housing supply has been largely driven by an increased demand for apartments. From 2017G to 2022G, the proportion of apartments within the housing market increased significantly from 47% to 67%, underscoring a growing demand for apartment living over the years. This trend highlights the evolving dynamics in the residential sector trends and the market's response to these changes in Makkah province. Moreover, most of the residential units are rented, making up about 71% of the housing stock, due to the number of expats occupying rented units. While 21% of the housing stock is owned, the majority of this stock is owned by Saudi households. However, with government initiatives aimed at stimulating the mortgage market, the demand for home ownership is anticipated to rise.

Table 3.10: Typology Shares

Category	2017G	2022G
Traditional House	6%	12%
Villa	25%	9%
A Floor in a Villa	18%	3%
Apartment	47%	67%
Other	4%	9%

Source: GaStat, 2017G - 2022G

Jeddah is expected to witness several confirmed forthcoming residential developments estimated at 166k units between 2024G and 2030G. To date, about 24,000 of these units have been sold, leaving around 141,000 units still available, which constitutes the total unsold forthcoming supply. Most of the forthcoming developments are Mega/Giga projects, which represent the majority of the confirmed supply, totaling approximately 104,000 units. Notable projects in this category include Marafy, Al Arous, and Jeddah Economic City. The Ministry of Municipalities and Housing (MoMAH) represents the second largest segment, accounting for 36% of the forecasted supply with about 59,000 units.

Confirmed forthcoming supply expected to enter the market within the forecasted period constitutes 44% of the total supply by 2030G while organic supply, which includes unannounced housing from small developers and independent single-home constructions, constitutes 56%.

Efforts to relocate residents from demolished high-density urban areas to other parts of Jeddah, coupled with initiatives aiming to boost home-ownership rates to 70% by 2030G, are expected to drive demand across all housing segments. The evolving demographics in Jeddah are shaping the supply landscape, leading to the development of upgraded affordable housing, master-planned communities, and apartment complexes. These developments are tailored to meet diverse residential needs, reflecting Jeddah's dynamic growth and strategic urban planning initiatives.

3.4.4 Demand, Affordability and Market Gap

In 2023G, the total demand for residential units in Jeddah was estimated at 1.12 million units, with projections indicating an increase to 1.39 million units by 2030G, resulting in a Total Addressable Demand of 370,000 units. This growth in demand is primarily driven by the formation of new households, which accounts for approximately 76% of the total addressable demand. The demographic trend towards smaller household sizes coupled with population growth suggests a rising need for additional housing. The remaining 24% is replacement demand generated from existing households seeking to replace their current properties.

Economic factors are also shaping housing demand; by 2030G, it is expected that households with an income of SAR 16,000 and below will represent about 61% of all households, a significant decrease from 71% in 2023G. Despite a shift towards higher income brackets, a significant 47% of households will likely be able to afford homes valued at SAR 860,000 or less. Meanwhile, the proportion of households with an income of SAR 40,000 and above has risen by four percentage points to reach 11% of households, enabling them to likely afford houses valued at SAR 2,100,000 or more, inclusive of support from the Real Estate Development Fund (REDF). The REDF Grant can be obtained if certain criteria are met including being Saudi, married, and the real estate unit being the first owned housing. This trend points to a growing demand for mid to high-quality residential units and underscores the pressing need for affordable housing options.

Considering the total projected supply of residential units, a market gap of approximately 50,000 units is anticipated by 2030G.

3.4.5 Performance based on MOJ transactions – LTM end of April 2024G

The real estate market in Jeddah demonstrates varied dynamics across its different zones, each reflecting unique levels of development, demographic characteristics, and market requirements. From 2020G to 2023G, land transactions dominated the market; however, 2023G witnessed a significant rise in apartment transactions, exceeding the annual totals of previous years. This surge is largely attributed to increased activity and promotional campaigns for government-led residential projects, approximately 80% of which are focused on apartment developments. Additionally, 2023G saw a slight decrease in the overall number of transactions, this is due to the decreased transaction activities in other typologies.

3.4.5.1 Apartments

Based on the Ministry of Justice (MOJ) data from the last twelve months ending April 2024G, the central and eastern zones of Jeddah have seen a higher volume of apartment transactions, accounting for 55% of all transactions (excluding the “others” category, which refers to transactions lacking a masterplan number or district name from MOJ). This indicates a robust demand in these areas, driven by their strategic location advantages and relative affordability within the city’s expanding eastern boundaries.

The highest average sale rates for apartments were recorded in the North and West zones of Jeddah, primarily attributed to the high-quality offerings along the corniche waterfront. In contrast, the Far South and Southeast zones, due to their more remote locations from the city center and generally lower-quality offerings, recorded the lowest transaction rates.

Notably, 81% of apartment transactions occurred at an average unit price below 750,000 SAR, highlighting the need for affordable units in Jeddah’s residential market.

3.4.5.2 Vilas

Villas in the Central zone of Jeddah constitute approximately 57% of all transactions (excluding the “others” category), benefiting from their proximity to the city’s central business districts and key demand generators. However, a shift is underway, with most new villa developments now occurring in the northern zones. This shift aligns with Jeddah’s strategic urban expansion and the increased availability of land in these areas.

The Far North and West zones have seen the highest average villa transaction sale rates, supported by the presence of large-scale mixed-use developments, including mega and giga projects, and master plans. Government-led initiatives and residential projects in these zones also play a crucial role in driving demand, enhanced by their desirable locations near the corniche.

Notably, approximately 36% of villa transactions fall within the price range of SAR 930,000 to SAR 1,450,000, indicating a robust market for mid to high-end residential properties in these developing zones.

3.4.5.3 Lands

Lands in the Northeast and Far North zones represent approximately 60% of all transactions (excluding the “others” category), aligning with Jeddah’s strategic expansion to the north, which is earmarked for future large-scale developments and Ministry of Housing projects. The northern and western zones, particularly along the Corniche waterfront, are achieving premium average valuations due to their high-quality residential offerings that command higher transaction prices, appealing predominantly to mid and high-income buyers.

Additionally, the peripheral zones, including the Southeast, Far North, and Northeast, are characterized by lower average prices, which enhances their attractiveness as investment opportunities in light of anticipated future growth. This trend reflects a strategic shift towards these emerging zones, driven by government initiatives and the potential for new residential and mixed-use developments. Notably, around 31% of residential land transactions in these areas have been recorded at a unit price below SAR 500,000, highlighting the affordability and investment potential in Jeddah’s expanding real estate market.

3.5 Dammam, Al Khobar, and Dhahran (DMA – Dammam Metropolitan Area)

3.5.1 Overview

DMA is strategically important in the global oil economy, as it hosts the headquarters of Aramco, one of the world’s largest corporations. This positions DMA at the center of significant decisions impacting oil policies worldwide. To diversify its economic reliance on oil, the Eastern Province has developed its industrial sector, establishing numerous public industrial cities. This development has positioned it as an industrial hub with the second-highest number of factories in Saudi Arabia, contributing notably to the country’s industrial GDP and reducing the region’s susceptibility to oil price fluctuations. Additionally, the Ministry of Tourism is actively promoting tourism by enhancing awareness of the region’s historical sites, which has contributed to the growth of the retail and hospitality sectors.

The province is experiencing expansive growth across all directions, with the lower south Khobar area seeing particularly high development activity in recent years. This heightened development is primarily driven by the availability of vacant land in the area, making it a focal point for new projects and investments.

3.5.2 Population, Households and Income

From the end of 2023G to 2030G, DMA's population is projected to increase from 2.26 million to 2.78 million, and the number of households is expected to rise from 662,000 to 895,000. Concurrently, the employed population is anticipated to grow from 907,000 to 1.25 million. The income distribution within DMA is notably balanced, with approximately 51% of households earning an average monthly income below 16,000 SAR, while the remaining 49% surpass this threshold, indicating that a high portion of the workforce enjoys a relatively high disposable income.

By 2030G, the demand dynamics in DMA are expected to shift, with 59% of residential demand projected to come from households earning at least 16,000 SAR per month. This trend underscores the growing influence of the mid-to-high income segment on the market, signaling opportunities for residential development tailored to this demographic's evolving preferences and financial capabilities.

Table 3.11: Population Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Million	0.99	1.02	1.05	1.07	1.10	1.12	1.15	1.18
Non-Saudis	Million	1.26	1.30	1.35	1.40	1.44	1.49	1.55	1.60
Total	Million	2.25	2.32	2.40	2.47	2.54	2.61	2.70	2.78

Table 3.12: Household Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Thousand	241	252	263	274	286	299	312	326
Non-Saudis	Thousand	421	440	459	479	500	522	545	569
Total	Thousand	662	692	722	753	786	821	857	895

Source: GaStat.

3.5.3 Supply

The total residential unit supply in 2023G was estimated at 760,000 units and is anticipated to grow at a CAGR of 4.40% to reach 1.03 million by 2030G, resulting in an increase in supply of 267,000 units. Data from GaStat 2022G on the existing residential units within the province shows that non-Saudi residents predominantly occupy apartments, representing 82% of this demographic, while Saudi residents show a more balanced distribution between housing types recording 55% in apartments and 42% in villas. Overall, apartments dominate the residential landscape, comprising 73% of all housing units in the province. The majority of these units, approximately 58%, are rentals, reflecting the prevalent tenure type within the region. To stimulate homeownership, the government has introduced initiatives aimed at invigorating the mortgage market, which is anticipated to boost demand for owned properties.

Looking ahead, DMA is poised to see residential growth with an estimated 267,000 units expected to be developed from 2024G to 2030G, sourced from mid-level and experienced developers as well as the Ministry of Municipalities and Housing, which contributes the largest share of new supply. Currently, there are about 18,600 units in the market that have not yet been sold, constituting the total available supply. The highest quality projects are typically located in emerging areas within North Khobar, near the corniche, catering to the evolving market dynamics.

The shifting demographics are expected to diversify the future housing supply, incorporating high-quality affordable housing, master-planned communities, and apartment complexes to meet the diverse needs and preferences of the growing population.

3.5.4 Demand, Affordability, and Market Gap

In 2023G, the total demand for residential units in DMA was estimated at 662,000 units, with projections to increase to 895,000 by 2030G, resulting in an increase in demand of 288,000 units. The primary driver of this rising demand is the formation of new households, accounting for about 81% of the total housing need. This trend is supported by an expanding population and a shift towards smaller household sizes, which naturally leads to an increased need for residential units. The remaining 19% is attributed to replacement demand, which is driven by existing households seeking to replace their current residence. By 2030G, it is anticipated that nearly 46% of the residential demand will come from households earning SAR 20,000 per month or more. This demographic shift offers critical insights into the types of residential properties that will be in demand, helping to tailor future developments to the evolving needs of the market.

Furthermore, a projected market gap of approximately 21,000 units by 2030G highlights an opportunity for developers to address this unmet demand through strategic planning and targeted construction efforts.

3.5.5 Performance based on MOJ & REGA transactions – LTM end of September 2023G

Examining historical market trends from 2020G to 2023G, the year 2022G marked a significant peak in transaction activity. Among the property types analyzed, land transactions consistently led the market, while there was a noticeable and sustained increase in apartment transactions. This trend towards smaller residential units corresponds with ongoing demographic and economic shifts within the Kingdom, indicating a market response to evolving consumer preferences.

3.5.5.1 Apartments

Data from the Ministry of Justice (MOJ) and the Real Estate General Authority (REGA), covering the last twelve months ending in September 2023G based on the most recent available data, indicates that West Dammam recorded the highest number of apartment transactions within DMA accounting for 31% of all transactions. This high transaction volume can be attributed to the introduction of multiple projects in the area and their relative affordability compared to other zones. The Lower South Khobar and South Dammam followed comprising 10.8% and 12.1%, respectively, while zones like Far West Dammam, Central Dammam, and Central Khobar saw fewer transactions.

In terms of sales, North Khobar commanded the highest average sales prices per square meter for apartments, a reflection of the area's desirability and better amenities. Moreover, East Dammam and North Dhahran have recorded the highest average ticket prices, marking them as important locations for apartment buyers. Notably, East Dammam leads with the highest average transaction size, reflecting its appeal as an area that caters to the need for larger living spaces suitable for bigger household sizes. This underscores the area's ability to meet specialized market demands with upscale residential offerings.

Furthermore, affordability is evident across the market, with 81% of apartment transactions recorded at an average unit price below SAR 750,000, highlighting the accessible price points predominant in the region.

3.5.5.2 Villas

Lower South Khobar and South Dammam have the highest number of villa transactions. This is due to their more affordable prices.

East Dammam leads with the highest average villa price per square meter closely followed by North Khobar. These areas are distinguished by their proximity to the newly developed Corniche areas in Khobar and Dammam and are further enhanced by major commercial developments like SEVEN, Ajdan Bayfront, and Jawharat Al Khobar. Conversely, the lowest average villa prices are found in Lower South Khobar and Far West Dammam, primarily due to the more affordable land prices in these zones.

The average transaction prices in East Dammam, along with Central Khobar, North Dhahran, and North Khobar, exceed the overall average in DAK. This price elevation is influenced by the desirability of the location, the quality of amenities available, and the associated prestige, making these areas particularly sought-after.

Notably, Villa transactions with prices between SAR 15 million and SAR 3 million accounted for 32% of all transactions, while transactions above SAR 3 million constituted 5% of total transactions, while the remaining price brackets below SAR 15 million collectively accounted for 63% of the total transactions.

3.5.5.3 Residential Land

West Dammam led the transaction volume, representing 25% of total activity, closely followed by East Dammam at 22%, with Lower South Khobar contributing 19%. This distribution reflects regional growth dynamics, enhanced land availability, and the impact of new developments such as Tharwa Town.

Among the identified zones, Central Khobar showcased the highest average transaction rates among the zones due to its limited land availability, driving up property values. Conversely, Far West Dammam and Lower South Khobar reported lower average rates, making developments in these areas more accessible and enhancing their appeal for cost-effective investment opportunities. Notably, approximately 26% of residential land transactions were priced between SAR 1.0 million and SAR 1.5 million.

3.6 Madinah

3.6.1 Overview

Madinah is the largest urban center in Al Madinah region that attracts substantial demand for goods and services from surrounding cities and towns. This role is expected to further strengthen with the expansion of Prince Mohammad bin Abdulaziz Airport, enhancing its capacity as a key regional and international hub. Currently hosting an estimated 1.51 million residents and welcoming millions of visitors annually, Madinah's economy is primarily driven by religious tourism, supplemented by agriculture and industrial sectors. The city's urban design and real estate developments are significantly influenced by the central presence of Al Masjid Al Nabawi.

The city is currently undergoing extensive expansion, particularly in the western, eastern, and southern zones, which are the most dynamically developing areas.

3.6.2 Population, Households and Income

From 2023G to 2030G, Madinah's population is projected to increase from 1.51 million to 1.78 million, with the number of households rising from 368,000 to 462,000. Additionally, the employed population is anticipated to grow from 206,000 to 222,000. Notably, about 64% of Madinah's households earn an average monthly income of less than SAR 16,000, while only 5% earn more than SAR 40,000 per month. The predominance of lower-income households underscores a substantial demand for affordable housing in the city.

Table 3.13: Population Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Thousand	900	922	944	967	990	1,014	1,038	1,063
Non-Saudis	Thousand	611	625	638	652	667	681	696	712
Total	Million	1.51	1.55	1.58	1.62	1.66	1.70	1.73	1.78

Table 3.14: Household Forecast

Category	Unit	2023G	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Saudis	Thousand	202	209	216	223	230	238	246	254
Non-Saudis	Thousand	166	171	177	183	189	195	201	208
Total	Thousand	368	380	393	406	419	433	447	462

Source: GaStat.

3.6.3 Supply

In 2023G, the estimated total supply of residential units in Madinah stood at 411,000, with projections to grow at a CAGR of 3.3% to reach 516,000 by 2030G, resulting in an increase in supply of 105,000 units. According to the 2022G GaStat data, apartments constitute the majority of the housing landscape in Madinah province, making up 74% of all occupied units. The tenure distribution reveals that 59% of these residential units are rented, while only 27% are owned. The remaining 14% are categorized as "Other". Recent government initiatives aimed at stimulating the mortgage market are likely to increase homeownership rates. Additionally, there has been a noticeable shift in housing over the years, moving from larger unit types such as villas and traditional houses to smaller types like apartments. This trend is highlighted by a 19 percentage point increase in the share of apartment units from 2017G to 2022G, reflecting changing lifestyle needs and economic factors influencing residential patterns in the region.

Table 3.15: Typology Shares

Category	2017G	2022G
Traditional House	30%	11%
Villa	4%	6%
A Floor in a Villa	3%	3%
Apartment	55%	74%
Other	8%	6%

Source: GaStat, 2017G-2022G.

In comparison to major cities like Riyadh, Jeddah, and Dammam & Al Khobar, the quality of residential supply in Madinah is relatively lower. Between 2024G and 2030G, Madinah is anticipated to see approximately 9,200 units of confirmed forthcoming residential developments. Of these, 3,210 units remain unsold, representing the total unsold forthcoming supply. Notably, the Ministry of Municipalities and Housing (MoMAH) accounts for about 95% of this upcoming supply, while the private sector contributes a limited portion of notable developments. This distribution underscores a significant reliance on government initiatives for housing development in the region.

3.6.4 Demand, Affordability, and Market Gap

In 2023G, the estimated demand for residential units in Madinah was 368,000, with projections to increase to 462,000 by 2030G, resulting in an increase in demand of 123,000 units. This growth is primarily driven by the formation of new households, which constitute approximately 76% of the market demand, while the rest 24% consists of replacement demand. The rising population and a shift towards smaller household sizes suggest a growing need for further housing units. The projection for 2030G suggests that the proportion of households earning SAR 16,000 or more will rise from 36% in 2023G to approximately 45% in 2030G. This indicates a shift in income brackets, with the ability to afford homes valued at SAR 860,000 or more, reflecting a likely impact on the demand for various types of residential properties, inclusive of the Real Estate Development Fund Grant. The REDF Grant can be obtained if certain criteria are met including being Saudi, married, and the real estate unit being the first owned housing. Considering the projected total supply, there is an expected market gap of about 18,000 residential units by 2030G, indicating potential opportunities for new residential developments to meet the increasing housing needs of Madinah's growing population.

3.6.5 Performance based on MOJ transactions – LTM end of April 2024G

The real estate market in Madinah is characterized by varied dynamics across different zones, each reflecting distinct levels of development, demographic compositions, and market requirements. Analyzing historical data from 2020G to 2023G, land transactions consistently emerged as the predominant category. Over the timeframe, the year 2021G recorded the highest number of transactions, primarily attributed to the year recording its lowest sale prices due to COVID-19, with most transactions occurring in the South zone. However, in 2022G, property prices saw a notable increase as the market recovered from the impacts of the COVID-19 downturn.

3.6.5.1 Apartments

Based on the last twelve months of transactions ending April 2024G, as recorded by MOJ data, the East and South zones of the city saw the highest volume of apartment transactions, accounting for 70% of all transactions (excluding the "others" category, which refers to transactions lacking a masterplan number or district name from MOJ). The increased activity in the East zone comprising 52% of total transactions can be attributed to its slightly higher orientation towards apartment living and the presence of several new master plans, including the largest at Knowledge Economic City (KEC). The South zone, located along the city's southern corridor, also hosts numerous developments.

The North zone recorded the highest average sale rates, likely influenced by its geographical constraints, bordered by the Uhud Mountain and expansive agricultural valleys, which limit the availability of developable land. Conversely, the West and South zones, which have extensive undeveloped lands and are in the process of developing new master plans, recorded the lowest average rates, helping to keep property prices more accessible.

Notably, 81% of apartment transactions in Madinah were concluded at an average unit price below SAR 750k, highlighting the overall affordability of apartments in these areas.

3.6.5.2 Villas

The total number of transactions recorded through MOJ in Madinah for this typology is low. Yet, the villas in the South zone comprised approximately 47% of all available transactions (excluding the "others" category), reflecting the availability of new projects in this area that predominantly feature villas and townhouses. These properties are being steadily absorbed by the market.

In terms of sales, the North zone has registered the highest average transaction sale rates due to its established infrastructure and desirability, in addition to likely being influenced by its geographical constraints, bordered by the Uhud Mountain and expansive agricultural valleys, which limit the availability of developable land. Meanwhile, the South zone, being a focal point of Madinah's ongoing expansion, recorded the lowest average sale rates. The more modest unit sale prices and smaller average unit sizes recorded in the South, as compared to other zones, suggest that the residential developments there are primarily composed of townhouses and duplexes, as opposed to the larger traditional villa types.

Furthermore, a significant portion of the villa transactions in this region, about 54%, falls within the price range of SAR 930,000 to SAR 2,410,000, indicating a robust market for mid to high-end single-family homes.

3.6.5.3 Lands

Lands in the East and South zones represent approximately 74% of all transactions (excluding the “others” category), aligning with Madinah’s urban expansion and the development of numerous master plans in these areas.

The West and Central zones achieve the highest average sale rates, with the Central zone particularly commanding premium prices due to its proximity to the Prophet’s (PBUH) Mosque and the scarcity of available land. Conversely, the South zone recorded the lowest average sale rates, being an upcoming area with developing infrastructure and vacant lands. The zone includes areas on the city’s outskirts, which tend to lower the average price. Additionally, approximately 55% of residential land transactions in Madinah are priced below SAR 500,000, indicating a prevalence of more affordable land options within the city’s expanding areas.

3.7 Conclusion

This Section provides a comprehensive overview of Saudi Arabia’s real estate market, focusing on major cities like Riyadh, Jeddah, Dammam, Al Khobar, Dhahran, and Madinah. The analysis includes extensive data on household dynamics, income distribution, and employment trends, illustrating the evolving economic landscape. Each city’s residential real estate market is examined, showcasing supply and demand forecasts as well as transaction trends, showcasing trends in Riyadh, strategic expansions in Jeddah, industrial growth in DMA, and religious tourism in Madinah. The document underscores the transformative impact of mega and giga projects across these cities and the evolving residential market shaped by demographic and economic shifts.



4. The Company

4.1 Overview of the Company and its Business Activities

Dar AlMajed Real Estate Company is a Saudi closed joint-stock company registered under Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G). According to its commercial register, the Company's head office is located in Riyadh at the following address: 6863 Riyadh 13531-23463, P.O. Box 3463. The current share capital of the Company is three hundred million Saudi Riyals (SAR 300,000,000), divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Riyal (SAR 1) per share.

In 1969G, Sheikh Abdulrahman bin Nasser AlMajed began his journey in investment and real estate development activities. This marked the beginning of the family's journey involvement in the real estate sector through the establishment of Mohammed and Khaled Sons of Abdulrahman AlMajed Real Estate Company, which operates in the real estate development and investment sector, and registered under Commercial Registration No. 1010159804 dated 25/03/1421H (corresponding to 27/06/2000G). Driven by an ambitious vision for growth and expansion, this entity became the foundation for launching several affiliated family companies. Hussam and Majed AlMajed Real Estate Company was established with Commercial Registration No. 1010425491 dated 01/12/1435H (corresponding to 25/09/2014G). Additionally, Nasser and Abdulsalam Abdulrahman AlMajed Real Estate Company was established as a limited liability company, becoming one of the family's entities specializing in real estate development, with Commercial Registration No. 1010417874 dated 20/08/1435H (corresponding to 18/06/2014G). The companies achieved significant success, and with ongoing success, in 2020G, the family decided to strengthen their efforts by initiating a restructuring of the Group by acquiring the subsidiaries so that the companies are under "Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company". The Company was then renamed to "Dar AlMajed Real Estate Company", inspired by the values and principles that had proven successful in previous stages.

AlMajdiah is a leading real estate developer in Saudi Arabia. AlMajdiah's founding shareholders have a distinguished history in the property and real estate development sector spanning over fifty years and AlMajdiah has a track record of delivering more than 15,000 residential and commercial units since its establishment. AlMajdiah's experience underscores its proficiency in large-scale projects and deep market knowledge. Historically focused on Riyadh, the Company has leveraged the city's growth to establish a strong market presence. More recently, the Company has started to expand its activities into other Saudi cities, aiming to tap into new markets and cater to the rising demand for modern real estate outside the capital. The Company's expansion aligns with Saudi Arabia's Vision 2030 goals of economic diversification and enhancing public service sectors like housing.

AlMajdiah's portfolio features properties noted for their modern design, high-quality finishes, and comprehensive amenities, reflecting its commitment to high-value, durable, and appealing real estate suitable for a diverse clientele, including individuals, families, and businesses. This focus on quality and customer satisfaction has solidified AlMajdiah's position as a market leader in the real estate market.

AlMajdiah manages all aspects of the development lifecycle—from land acquisition and design to construction, sales, and facility management. The Company collaborates with top architectural and construction firms, maintaining stringent oversight over costs, quality, and timelines. Its portfolio includes apartments, villas, and commercial spaces in Riyadh's prime neighborhoods. As at 30 September 2024G, AlMajdiah has developed over 2 million square meters, encompassing 150 completed projects housing over 50,000 residents in more than 15,000 units.

The Company develops its projects under different ownership structures to strategically enhance its portfolio, optimize returns, reduce project risk and diversify financing. The Company maintains strong relationships with investors, banks, and investment funds, enhancing its financing capabilities for projects. Through its extensive network, the Company efficiently secures land, working independently or through partnerships, supporting its growth and contributing to the broader economic development of the region.

AlMajdiah Company has built its reputation on a firm commitment to customer satisfaction through its deep understanding and meeting the needs of its customers. The Company continually strives to deliver exceptional value and the highest level of service, with this focus on customer satisfaction being reflected in every aspect of its operations from initial consultations to the final delivery of products and services.

Table 4.1: AlMajdiah Annual Sales (SQM) Across All Project Categories (Company-Owned Projects, Joint Ventures, Projects Developed Through Funds, Third-Party Development Projects)

	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G	CAGR FY2021G – FY2023G
Number of units sold	874	1,176	1,220	925	1,421	18%
Annual sales (sqm)	116,743	170,824	171,482	128,888	214,949	21%
Sales (SAR million)	744	1,179	1,328	1,029	1,559	34%

Source: The Company

* The above table includes residential unit sales only.

4.2 Vision and Mission of the Company

4.2.1 Vision

Fulfilling the aspirations of the Kingdom's future vision, directing our focus on enhancing the quality of life and socio-economic well-being. This is aimed at providing superior residential and commercial communities, along with investment opportunities, to contribute to a better living environment.

4.2.2 Mission

To create a comprehensive footprint of distinguished, innovative, and high-quality real estate services and options, striving for high-quality of life and achieving community development.

4.2.3 Values

To move from success to success and drive the economic growth by providing trust and mutual respect, and placing the interests of customers and investors at the top of our priorities, as we embody a high sense of responsibility towards our customers, striving for excellence and sophistication.

4.3 Competitive Advantages, Strengths and Strategies of the Company

4.3.1 Competitive Advantages and Strengths of the Company

AlMajdiah possesses unique capabilities that distinguishes it from its main competitors. In particular, such capabilities are as follows:

4.3.1.1 Market Leadership and a Distinctive Brand

AlMajdiah's brand confers a substantial competitive advantage in the real estate market, primarily due to its long-standing reputation, commitment to quality, and innovative approach to development:

- **Established Brand Reputation:** AlMajdiah's brand is synonymous with trust and reliability, attributes honed over the founding shareholders' experience of more than 50 years in real estate development. This established reputation has made AlMajdiah a preferred choice among potential customers, particularly in Riyadh, where the Company has cemented its position as a leading developer. The trust and credibility that come with a well-established brand help in reducing customer acquisition costs and in building a loyal customer base;
- **Demonstrated Track Record of Quality and Delivery:** AlMajdiah's consistent delivery of high-quality projects on schedule reinforces its brand strength. By successfully completing over 150 projects, including more than 15,000 units that now accommodate over 50,000 residents, AlMajdiah showcases its capability to meet and exceed market expectations. This track record not only enhances customer satisfaction but also bolsters the brand's market position against competitors. As per the market study prepared by Colliers, AlMajdiah stands out as a prominent company in the residential apartment sector in Riyadh due to its extensive portfolio consisting of several projects in diverse and strategic locations in high-demand areas, which affects the design standards and pricing standards in the residential apartment sector in the city. (Please refer to Section 3 ("Overview of The Market and Industry"))
- **Innovation Leadership:** AlMajdiah prides itself on being a leader in innovation within the real estate sector. Its projects often introduce new offerings that set benchmarks for residential development, including advanced amenities, smart home technology integration, and modern design. This

focus on innovation attracts customers seeking cutting-edge lifestyle options and distinguishes AlMajdiah from the majority of other developers in Saudi Arabia;

- **Adaptation to Market Trends:** AlMajdiah has shown a keen ability to anticipate and respond to changes in customer preferences. By aligning its development strategies with these trends, AlMajdiah not only meets current market demands but also influences future real estate developments. For example, AlMajdiah was the first developer to adopt modern designs in its developments. This design adaptation, along with the Company's approach to developing integrated residential complexes, allowed it to change customers' preference towards living in apartments, and this proactive approach in adapting to and shaping market trends solidifies its competitive edge;
- **Strong Customer Relationships:** Through consistent delivery of value and quality, AlMajdiah has built strong relationships with its customers, who often become repeat buyers and refer new clients. These relationships are further supported by excellent after-sales services such as repairs and facility management, continuous follow-up of customer feedback, and a responsive management approach, enhancing customer loyalty and satisfaction.

AlMajdiah's brand is a powerful asset that underpins its competitive strategy. It enhances the Company's ability to secure prime development opportunities, attract and retain customers, and lead the market in innovation. As AlMajdiah continues to build on its strong brand foundation, it remains well-positioned to maintain its leadership position in Riyadh and build its presence in other regions in Saudi Arabia such as Jeddah and the Eastern province.

4.3.1.2 Access to High Demand Strategic Locations

Thanks to the founding shareholders' extensive experience of over 50 years in the real estate sector, AlMajdiah leverages a broad network of relationships with landowners, brokers, and investors to acquire premium lands parcels. These connections facilitate various development arrangements, including projects owned by the Company, partnerships, or third-party development projects, allowing AlMajdiah to adapt flexibly to different business opportunities and market conditions.

AlMajdiah's advantage also lies in its deep understanding of real estate market trends, which enables the Company to identify and select land parcels that are most likely to be in high demand. This predictive insight into market movement ensures that AlMajdiah not only invests in properties that will attract potential purchasers but also maximizes the return on investment.

The locations chosen for AlMajdiah's developments are among the most coveted neighborhoods in Riyadh. These areas are renowned for their desirability and potential for property value appreciation, making them highly attractive to prospective homeowners and investors. Furthermore, AlMajdiah's projects are thoughtfully situated near major landmarks and key urban infrastructure—major highways, educational institutions, healthcare facilities, and shopping centers. This strategic placement ensures that residents enjoy both the high quality of living environments and the convenience of nearby amenities, significantly enhancing their daily lives and overall satisfaction with their homes.

Through this integrated approach of combining strategic land acquisition and insightful development placement, AlMajdiah effectively meets the needs of modern homebuyers and secures its position as a leader in the real estate development market.

4.3.1.3 Project Management Capability

Over the years, AlMajdiah has refined its project execution capabilities, developing a robust system that ensures the delivery of large volume of high-quality real estate projects. The table below demonstrates the Company's growing capacity to complete projects over the last three financial years.

	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
Number of residential units delivered	1,238	1,899	1,366	720	1,238

Source: The Company

AlMajdiah's execution capability is supported by two key factors: its in-house project execution team and its extensive network of external architectural and construction partners.

- **In-House Project Team:** AlMajdiah's internal project management team comprises 29 skilled professionals, including architects, civil engineers, and project managers. This team is central to the Company's operations, handling all stages from the initial project feasibility studies to overseeing the design and construction phases as well as monitoring and procurement. The team's responsibilities are crucial for maintaining the standards AlMajdiah is known for; supervising every aspect of the project to ensure that both aesthetic and structural designs align

with planned objectives. Project managers are instrumental in the day-to-day oversight of projects. Project management plays a pivotal role in managing the timeline and costs associated with each project, ensuring that all phases of construction are executed efficiently and within budget. The team's rigorous monitoring and hands-on approach help pre-empt potential issues, streamline operations, and guarantee that projects are completed on schedule.

- **External Collaborations:** In addition to its in-house expertise, AlMajdiah collaborates with leading design and construction firms in the sector. These partnerships are strategic, allowing AlMajdiah to leverage external expertise and technological advances in architecture and building techniques. Working with top firms not only enhances the quality of construction but also ensures that the latest industry standards and innovations are integrated into AlMajdiah's projects.

AlMajdiah's comprehensive approach—from meticulous planning and design to careful selection of construction partners and continuous project management—reflects its commitment to delivering superior real estate developments. This integrated strategy not only meets customer expectations but also reinforces AlMajdiah's reputation as a developer of high-quality, reliable real estate solutions in Saudi Arabia.

4.3.1.4 Quality of Developments

AlMajdiah's competitive advantage in the real estate market is significantly bolstered by its unwavering commitment to the quality of its developments. Each project that carries the AlMajdiah name is emblematic of the brand's high standards, ensuring that irrespective of the scale or location, the development reflects exceptional quality in every aspect. AlMajdiah's commitment to quality translates into a tangible competitive advantage for AlMajdiah as follows:

- **High Standards Across All Projects:** AlMajdiah ensures that each of its developments, regardless of its nature—whether an Company-owned project, a joint venture, through a fund, or third-party developments —adheres to a stringent set of quality standards that are also accredited by international quality accreditation bodies. This consistency in delivering high-quality projects reinforces AlMajdiah's reputation as a trustworthy and reliable developer in the eyes of customers, investors, and partners. As a testament to its confidence in the quality of its construction, customers are generally provided 25 year guarantee for electrical fittings, 15 year guarantee for plumbing, 10 year structural guarantee through the building contractor, and 2 year guarantee for lighting by AlMajdiah itself.
- **Distinguished Design and Aesthetics:** AlMajdiah's properties are known for their refined and modern interior designs, which cater to the tastes of a discerning clientele looking for contemporary elegance. The Company's developments also feature creative facade designs inspired by various cultures around the world, making each project unique and appealing. This attention to architectural and interior detail not only enhances the aesthetic value of the properties but also attracts modern customers that values design excellence.
- **Enhanced Living Experience:** The Company is renowned for creating exceptional living and working environments that blend modern aesthetics with functional design. Each AlMajdiah development is meticulously crafted with attention to detail, featuring state-of-the-art amenities to enhance the lifestyle of residents. Among these are fully equipped gymnasiums (for example the Company has agreement with Fitness Time to establish and operate fitness centers in some of its projects) that cater to health and fitness needs, expansive open spaces that offer serene retreats from the hustle and bustle of urban life, and communal areas designed to foster a sense of community and social interaction. Internally, AlMajdiah properties boast modern design elements that combine elegance with practicality, utilizing high-quality materials and contemporary finishes to create spaces that are not only visually appealing but also highly functional. This commitment to quality and comfort makes AlMajdiah developments highly sought after by those looking for high quality real estate options in the region.
- **Focus on Sustainability and Innovation:** AlMajdiah integrates energy-efficient systems, smart home technologies, and robust security solutions into its projects, promoting sustainable living while ensuring safety and convenience for its residents. These innovations are increasingly important to buyers and add value to AlMajdiah's offerings that distinguish it from competitors.

AlMajdiah's strategic emphasis on maintaining high-quality standards across all its developments is a core competitive advantage. It not only establishes the Company as a leader in the real estate sector but also ensures sustained demand for its projects. This approach to quality enhances customer satisfaction and loyalty and also positions AlMajdiah well for future growth and success in the competitive real estate market.

4.3.1.5 Strategic Partnerships and Diverse Sources of Financing

AlMajdiah's approach to project development provides a significant competitive advantage in the realm of real estate development that requires high liquidity, particularly in a highly competitive market for land plots. Real estate projects typically require large upfront investments for land acquisition and construction, while returns on these investments are realized only after the projects are completed and the units are sold. AlMajdiah's strategies enhance its position as follows:

- **Strategic Partnerships:** AlMajdiah leverages a mix of its own significant resources along with partnerships to secure necessary funding for its projects. By not solely relying on self-financing, AlMajdiah can spread financial risk and enhance its ability to undertake multiple projects simultaneously or pursue larger, more ambitious developments than would be possible through self-funding alone. Examples of its strategic partnerships include:
 - a SAR 15 billion fund in collaboration with a subsidiary of a semi-governmental entity and an investment company, in which AlMajdiah will provide 10% of the units. AlMajdiah will act as developer and receive development fee as well as a share of profit from the fund for its 10% ownership interest;
 - partnership with the municipality of Al Madinah to develop the Masharef AlMajdiah Project in Al Madinah comprising approximately 397 villas and 1,024 apartments on land measuring 199,906 sqm owned by the municipality (please refer to Section 4.9.3.2.4 (2));
 - an agreement with National Housing Company to develop two plots of land measuring 12,178 sqm and 65,780 sqm (Projects AlMajdiah 167 and AlMajdiah 168, please refer to Section 4.9.3.2.1 (5)).
- **Partnerships with Investment Funds:** AlMajdiah has innovated its financing strategies by forming partnerships with investment funds. These funds obtain financing through third-party contributions, providing additional support for developing projects. This approach not only diversifies the funding sources but also allows AlMajdiah to share the financial risk associated with large-scale real estate developments.

AlMajdiah also has flexibility to participate in investment funds as a unitholder which gives AlMajdiah an advantageous position to influence project decisions and outcomes while also benefiting from the profitability of the projects without shouldering all the financial burdens. Additionally, AlMajdiah earns fees for developing and marketing the projects, which adds different revenue streams independent of the sale of the developed units.

Currently, the Company has partnerships with Jadwa Investment Company, Blom Investment Company and Musharaka Capital Company for the development of real estate funds. AlMajdiah has developed and sold more than 2,000 units with funds and has more than 1,100 units under construction through different funds.

- **Strong Banking Relationships:** AlMajdiah's established relationships with banks allow it to access credit facilities and loans. These relationships enable AlMajdiah to secure financing under favorable terms and conditions, which can significantly lower the cost of capital and improve project viability by lowering overall project cost. (For further details on credit facilities, please refer to Section 12.9 "Credit Facilities and Contracts").

With access to a broader range of financing options, AlMajdiah can scale its operations more effectively, tackling projects of varying sizes and complexities that might be beyond reach for developers with more limited financial strategies. Moreover, the ability to share risks with partners and lenders helps stabilize AlMajdiah's financial health against market fluctuations and uncertainties.

AlMajdiah's strategic approach to financing not only underpins its ability to manage cash flow requirements in the real estate development industry but also enhances its competitive edge by allowing more ambitious project scopes, mitigating financial risks, and securing cost-effective funding solutions. This financial acumen is crucial for sustaining growth and competitiveness in the demanding real estate market.

4.3.1.6 Digital Transformation

The Company's commitment to digital transformation provides it with a significant competitive advantage, streamlining operations and enhancing customer engagement. Through the deployment of mobile applications dedicated to customer service, AlMajdiah enables direct communication and support, improving overall customer satisfaction. Its web pages for sales marketing not only facilitate an efficient, user-friendly buying experience but also extend the reach and accessibility of its property portfolio. Additionally, AlMajdiah's investment in robust in-house IT infrastructure, including the implementation of a new Enterprise Resource Planning (ERP) system – "ERP Next", optimizes internal processes from project management to financial operations, providing accuracy, speed, and enhanced decision-making capabilities across the organization in order to meet all operational requirements. These digital initiatives position AlMajdiah as a forward-thinking leader in the real estate sector, adept at leveraging technology to drive business success and customer value.

4.3.1.7 Major Project Pipeline and Growth Capacity

As at 30 September 2024G, the Group had 354 unsold completed units (apartments, and townhouses) of which 307 are directly owned by the Group. These units are expected to be sold in FY2025G.

Table 4.2: Completed Units Available for Sale as at 30 September 2024G

Category	Project	Location	Completion Date	Book value as at 30 September 2024G according to the Company's consolidated financial statements (SAR million)	Project Type
Projects Owned by the Company	AlMajdiah 129	Qomra, Riyadh	September 2023G	13	Apartments
Projects Owned by the Company	AlMajdiah 130	Yasmin, Riyadh	November 2023G	1	Apartments
Projects Owned by the Company	AlMajdiah 138	Nuzha, Riyadh	August 2023G	3	Apartments
Projects Owned by the Company	AlMajdiah 140	Narjis, Riyadh	December 2023G	1	Apartments
Projects Owned by the Company	AlMajdiah 142	Narjis, Riyadh	September 2023G	3	Apartments
Projects Owned by the Company	AlMajdiah 143	Al Hamra, Riyadh	November 2023G	26	Apartments
Projects Owned by the Company	AlMajdiah 144	Narjis, Riyadh	December 2023G	8	Apartments
Projects Owned by the Company	AlMajdiah 146	Narjis, Riyadh	July 2023G	2	Apartments
Joint Ventures*	AlMajdiah 148	Narjis, Riyadh	August 2024G	127	Townhouses
Joint Ventures*	AlMajdiah 154	Narjis, Riyadh	August 2024G	117	Townhouse
Projects Developed through Funds	AlMajdiah 156	Al Nada, Riyadh	November 2024G	61	Apartments
Projects Developed through Funds	AlMajdiah 181	Al Qirawan, Riyadh	May 2025G	75	Offices
Projects Developed through Funds	Majaz	Al Janadriyyah, Riyadh	February 2024G	83	Offices
Projects Developed through Funds	AlMajdiah 127	Malqa, Riyadh	September 2023G	3	Apartments
Projects Developed through Funds	AlMajdiah 132	Mauroj, Riyadh	October 2023G	16	Apartments
Projects Developed through Funds	AlMajdiah 133	Qomra, Riyadh	January 2024G	107	Apartments
Projects Developed through Funds	AlMajdiah 147	Narjis, Riyadh	January 2024G	207	Apartments
Projects Developed through Funds	AlMajdiah 139C	Riyadh Hills, Riyadh	January 2024G	22	Apartments + townhouses
Projects Developed through Funds	AlMajdiah 145	Al Aqiq, Riyadh	October 2023G	4	Apartments
Projects Developed through Funds	AlMajdiah 155	Irqah, Riyadh	September 2024G	23	Apartments
Total				926	

Source: The Company

* Any projects that are in partnership with the landowner.

** Any residential, commercial and retail use.

Additionally, as further explained in Section 4.9.3.2, projects under construction / upcoming projects, the Group has 375,398 sqm of Company-owned projects under construction and 968,225 sqm of projects developed through funds, joint ventures and third-party developments (in which the Company has varying levels of ownership) which are under construction, and which will be delivered between FY2024G and FY2027G. These projects include more than 5,000 residential units (apartments, townhouses and villas), two multi-floor towers, office buildings and mixed-use developments. This strong, diversified and secured project pipeline is expected to contribute to the Group's performance in the coming years. Additionally, the Company entered as a real estate developer and unit owner with a 10% stake in a private SAR 1.5 billion closed-end real estate investment fund for developing real estate projects with a subsidiary of a semi-governmental entity and an investment company.

Moreover, as at 30 September 2024G, AlMajdiah had total debt of SAR 1,064 million which translates into a debt to equity ratio of 132% which gives AlMajdiah significant financial capacity to source new projects and further enhance its project pipeline.

4.3.2 Company Strategy

The Company's strategy is to grow in a sustainable manner through the following:

4.3.2.1 Widen Residential Product Offering

The Company is strategically expanding its residential offerings to include not only a diverse range of housing options such as apartments, townhouses, villas, and high-rise towers but also integrated communities that offer a holistic living experience. This expansion is designed to address the evolving needs and preferences of various consumer segments, enhance lifestyle offerings, and create sustainable value in the real estate market. AlMajdiah's plan is:

1. Diversifying Housing Options

Townhouses and Villas: AlMajdiah has historically focused on apartments. However, recognizing the growing preference for more spacious living environments among families and higher-income buyers, AlMajdiah is planning to increase the proportion of townhouses and villas within its projects. These projects will be designed to cater to a wider array of customers, from smaller families and individuals seeking apartments to those seeking privacy, comfort, and luxury, featuring expansive layouts, private gardens, and customized interiors. It is anticipated that these projects will be located in both suburban areas, that is, residential areas separated and isolated from the main traffic hubs of the cities and located within the outer framework of the city or on its outskirts, where there is a demand for family-oriented living spaces, and in select upscale urban locales. Currently, the Company's completed projects include four projects (AlMajdiah 139A, AlMajdiah 139B, AlMajdiah 139C and AlMajdiah 143) with a total of 226 units with a mixture of apartments and townhouses. Moreover, 54% of its confirmed projects (which include projects for which lands have been purchased or development contracts entered into) represents townhouses, villas or mixed residential developments which evidences the successful implementation its strategy, the benefits of which are expected to be realized in the coming years.

Residential Towers: To cater for professionals and individuals seeking urban living close to business and cultural centers, AlMajdiah will develop residential towers. These towers will offer efficient use of space and panoramic views of the city, with modern amenities such as fitness centers, rooftop gardens, and communal lounges. AlMajdiah has already commenced construction on two towers, AlMajdiah 161 and AlMajdiah 162 located in Qairawan District on King Salman Road and Nakheel District on King Fahd Road. These towers have a total built-up area of 46,972 sqm.

2. Creating Integrated Communities

The Company's business has evolved from developing residential apartment buildings to developing integrated residential complexes:

- **Master-Planned Developments:** Beyond individual housing units, AlMajdiah is focusing on creating large-scale integrated communities such as the AlMajdiah Village project completed in FY2022G. These developments will combine residential, commercial, and recreational spaces into integrated units. Features will include shopping centers, schools, healthcare facilities, and parks, all accessible within the community. This aims to provide a self-sustaining living environment where residents can live, work, and play.
- **Community Amenities and Services:** Integrated communities will be designed with a focus on quality of life. Amenities are expected to include community centers, sports facilities, playgrounds, and walking trails, as well as services such as security, maintenance, and community management, that will be to a high standard to ensure a safe and well-maintained environment.
- **Sustainable and Smart Features:** Each community will be built with sustainability as a core principle, incorporating green building materials, energy-efficient technologies, and water-saving fixtures. Smart technology will be integrated throughout to enhance connectivity, security, and overall living convenience.

4.3.2.2 Broaden project Portfolio

AlMajdiah's diversification strategy focuses on broadening its project portfolio in chosen cities thereby addressing various consumer needs and market demands:

- **Commercial Developments:** In Riyadh and other targeted cities, there is a growing need for modern office spaces and business parks that cater to local and international businesses. AlMajdiah plans to develop state-of-the-art commercial facilities that can serve as headquarters for multinational corporations and local firms alike. In FY2023G, the Company commenced construction of its first commercial project – AlMajdiah “Mjaz” (offices) which is located in Aqeeq Al Musa with a total sellable / leasable area of 8,311 sqm. The Company has also secured land in Diriyah for another office complex with an area of approximately 15,000 sqm. The Company intends to continue to build its commercial portfolio by adding new projects;
- **Retail and Hospitality Developments:** With tourism increasing and the retail sector expanding in Saudi Arabia, AlMajdiah will explore opportunities to develop shopping malls, retail parks, and hospitality entities, such as hotels and resorts. For this purpose, it has acquired a large piece of land in Narjis of approximately 110,000 sqm on which it is planning a mixed use development (AlMajdiah 151) comprising residential, retail and hospitality offerings;
- **Renting:** In addition to sales of projects, AlMajdiah also seeks to create a steady stream of rental income and therefore intends to hold some of its upcoming projects for rental purposes. From its existing project pipeline AlMajdiah 131 (gross leasable area of 14,387 sqm) and AlMajdiah “Mjaz” (with gross leasable area of 8,311 sqm) are earmarked for the rental portfolio. AlMajdiah 131 was completed in FY2023G and is already partly leased with an occupancy of approximately 75%. Accordingly, rental revenue has shown an increase from SAR 0.9 million in FY2022G to SAR 5.3 million in FY2023G and SAR 7.9 million in the Nine-Month period ended 30 September 2024G. Over the medium term AlMajdiah intends to further enhance its rental portfolio with a target that net rental income contributes at least 10% of net profit.

By diversifying its portfolio to include commercial, hospitality, and mixed-use developments, AlMajdiah can cater to a broader range of customer needs and stabilize its revenue streams against market fluctuations. Moreover by adding rented units to its portfolio, AlMajdiah aims to further diversify its cash flow by introducing a steady and recurring income stream.

4.3.2.3 Focused Geographic Expansion

- **Deepening presence in Riyadh:** As the capital and economic powerhouse of Saudi Arabia, Riyadh continues to offer substantial growth opportunities. AlMajdiah will focus on expanding its portfolio within the city by developing residential, commercial, and mixed-use projects that cater to its burgeoning population. The Company will also tap into new developments spurred by government entities such as Roshn and National Housing Company;
- **Selective expansion in emerging cities:** AlMajdiah will strategically target cities that are positioned to benefit from government initiatives and infrastructure developments. Cities such as Jeddah, known for its commercial and tourism significance, and Dammam, a key administrative and oil hub, will be considered for future projects. These cities are chosen for their stable economic bases and growing demand for high-quality real estate developments. The Company currently has two projects outside Riyadh, AlMajdiah 158 in Khobar and the Masharef AlMajdiah Project in Al Madinahh city which is in collaboration with the Al Madinahh Municipality. These projects are currently under construction. It is also reviewing new development opportunities in Jeddah.

AlMajdiah's refined strategy of concentrating on Riyadh while selectively expanding into other strategic cities allows the Company to leverage its existing strengths while capitalizing on new opportunities. This focused approach ensures that AlMajdiah remains a leader in Saudi Arabia's real estate development, positioned well to take advantage of the country's economic growth and urbanization trends.

4.3.2.4 Maintain a Flexible Development Approach

AlMajdiah adopts a flexible development approach, which allows the Company to adapt its strategies to various scenarios and market conditions. This flexibility is a cornerstone of AlMajdiah's operational philosophy, ensuring it can maximize opportunities and manage risks effectively. AlMajdiah operates under several different models:

- **Company-Owned Projects:** AlMajdiah acquires land outright and develops the project itself through its own resources. This approach allows complete control over the development process, from planning through construction to sales, aligning every phase with the Company's high standards and strategic vision. Up to FY2021G, the Company developed all its projects according to this model;
- **Joint Venture Projects:** AlMajdiah collaborates with landowners to jointly own and develop projects. This model not only enables the Company to sharing risks but also to leverage the expertise and resources of partners, enhancing project execution and financial viability. Additionally, AlMajdiah receives supervision and management fee for delivering these projects. The Group is currently

developing Projects 129, 136, 148 and 154 in collaboration with partners;

- **Projects Developed Through Funds:** In this model, AlMajdiah acts as the developer, managing the design, construction, and typically the marketing of the project, without directly owning the land or the developed property. This allows AlMajdiah to earn revenue through development fees and sales and marketing fees, without the financial outlay for project development. Most of these projects are developed through real estate investment funds established with licensed Capital Market Institutions such as Jadwa Investment, Blominvest Saudi Arabia, and Musharaka Capital. AlMajdiah also owns a percentage in these funds that can range from 100% (AlMajdiah Investment Fund) to 5% (Blominvest Saudi Arabia);
- **Third-Party Development Projects:** In this model AlMajdiah acts purely as a developer earning fees for managing the design, construction, and typically the marketing of the project without any unit ownership in the project.

Table 4.3: Summary AlMajdiah Project Development Models

	Company-Owned Projects	Joint Venture Projects	Projects Developed Through Funds	Third-Party Development Projects
Ownership	100%	25% - 60%	5% - 100%	0%
Financing	AlMajdiah through own resources or bank loan	AlMajdiah and partner	AlMajdiah, other fund investors, and debts without liability on AlMajdiah granted to the Fund	Project owners. No liability on AlMajdiah
Reflected in the financial statements	Yes	Yes	Yes, if consolidated ⁽¹²⁾ . Otherwise accounted for as Equity investments	No (development fees and sales and marketing fees only)
Development fee received	No	Yes	Yes	Yes
Sales and marketing fee received	No	Yes	Yes	Yes

Source: The Company

Table 4.4: Revenue Contribution by Project Type

	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
Company-Owned Projects	100%	9%	10%	14%	46%
Joint Venture Projects	0%	0%	2%	3%	0%
Projects Developed Through Funds	0%	89%	77%	71%	50%
Third-Party Development Projects	0%	2%	11%	13%	5%
	100%	100%	100%	100%	100%

Source: The Company

The Company's diverse approach to development models allows AlMajdiah to spread its financial and operational risks by reducing capital exposure while also diversifying sources of revenue. AlMajdiah's flexible development approach opens up multiple channels of revenue. In company-owned projects, the profit comes from the sale or leasing of the finished property unit. In joint ventures and projects developed through funds, AlMajdiah can earn from fees related to project development, management, construction oversight, and sales and marketing while also benefitting from the projects profit through AlMajdiah's ownership. With the successful implementation of this strategy contribution of fees⁽¹³⁾ to operating profit has increased to 17% of operating profit in FY2023G and 20% in the Nine-Month period ended 30 September 2024G. This diversification of revenue sources not only stabilizes the financial position of the Group but also allows it to exploit different market opportunities simultaneously.

Overall, AlMajdiah's flexible development approach provides a competitive edge by enabling strategic site selection, risk management, and financial diversification. This adaptability enhances AlMajdiah's ability to deliver resilient and robust performance in a continuously evolving real estate market.

¹² Currently, AlMajdiah Investment Fund (100%), AlDar Investment Fund (70%), AlNarjis Fund (63.53%) are consolidated by the Company. All three funds are managed by Jadwa. The Dar 2 investment fund managed by Jadwa and the funds managed by Blom and Musharaka are not consolidated

¹³ Net fee revenue i.e. fees less direct expenses

4.3.2.5 Deliver Value for Customers

The Company's strategy with respect to customer value addition is anchored in a commitment to delivering an exceptional living experience that extends far beyond the basic act of purchasing property. This strategy is predicated on understanding and anticipating the needs and aspirations of its customers, ensuring that every AIMajdiah project not only meets but exceeds those expectations.

Central to AIMajdiah's approach is the integration of high-quality standards across all facets of its developments. From the initial design phase through to construction and finishing, AIMajdiah applies rigorous quality controls to ensure durability, functionality, and aesthetic appeal in each property. This dedication to quality not only enhances the living experience but also ensures the longevity and value retention of the properties, directly benefiting customers by providing them with a worthwhile long-term investment.

Moreover, AIMajdiah places a strong emphasis on transparent communication with its customers throughout the buying process. The Company understands that purchasing real estate is a significant and often complex decision, and it strives to make this process as straightforward and clear as possible. By providing detailed, accurate, and timely information, from sales documentation to updates on construction progress, AIMajdiah builds trust and ensures that customers feel confident and informed at every step.

After-sales support is another pillar of AIMajdiah's customer value strategy. Recognizing that customer engagement does not end with the sale, AIMajdiah provides robust post-handover services to facilitate a smooth transition for buyers into their new homes. This includes everything from handling initial maintenance issues to offering extended property management services for certain projects. By managing these services directly, AIMajdiah maintains the quality and appeal of its developments, thereby enhancing customer satisfaction and reinforcing the value of their investment.

Additionally, AIMajdiah is committed to fostering community within its developments. The Company designs its projects to include communal spaces and amenities that encourage interaction and build a sense of community among residents. AIMajdiah also supports and initiates community-building activities and events, which enrich the living experience and cultivate a vibrant community atmosphere that residents are proud to be part of.

Lastly, AIMajdiah actively solicits and values customer feedback. By engaging with residents and property owners, the Company is able to continually refine and enhance its offerings. This feedback loop not only helps AIMajdiah in tailoring its services and amenities to better meet the needs of its customers but also aids in the ongoing development of new projects that are more closely aligned with customer preferences and market demands.

Through these concerted efforts, AIMajdiah's strategy significantly adds value for its customers, ensuring that choosing a AIMajdiah property means investing in a home that will offer satisfaction, community, and value long into the future.

4.3.2.6 Maintain Consistent Building Standards and Post-Handover Sustainability Across All Developments

AIMajdiah is committed to maintaining high standards of building quality and ensuring the sustainability of its developments post-handover. This approach is integral to enhancing the customer experience and reinforcing AIMajdiah's reputation as a leader in the real estate development sector.

To achieve and maintain these high standards, AIMajdiah employs rigorous quality controls throughout all stages of the development process, from initial design and construction to final finishing, ensuring that all materials, building practices, and finished products meet industry standards and regulatory requirements. Additionally, AIMajdiah has established standardized processes that are rigorously followed across all projects to guarantee consistency in quality, regardless of the location or specific market segment targeted. The Company also relies on regular quality audits, using both internal teams and external third parties, to provide an unbiased assessment of construction quality and compliance with standards.

Post-handover maintenance is another critical focus for AIMajdiah. The Company actively manages the maintenance and upkeep of its properties during the first year after handover. This proactive involvement helps to identify and rectify any issues early, thereby enhancing the longevity and value of the properties. Following this initial period, AIMajdiah facilitates a smooth transition to a resident-managed model by engaging capable third-party service providers to handle ongoing maintenance tasks, ensuring that high standards are maintained over the long term.

For specific projects such as AIMajdiah 112 and AIMajdiah Village, AIMajdiah extends its role by offering facilities management services. This involvement not only allows AIMajdiah to ensure that the developments are well-maintained but that they also continue to meet the high standards expected by residents and investors. As part of this extended service, residents pay for AIMajdiah's facilities management services upfront at the time of unit sale, an arrangement detailed in the sales contracts to ensure transparency and commitment from both parties.

This method not only leads to enhanced customer satisfaction but also strengthens AlMajdiah's brand reputation in the market. By consistently delivering on its promise of quality and sustainability, AlMajdiah attracts new customers and maintains a competitive edge. Moreover, the provision of extended facilities management services introduces an additional revenue stream, while allowing the Company to monitor the quality and functionality of its developments closely. Through these strategic initiatives, AlMajdiah ensures that its projects not only meet the highest standards at the time of construction but also maintain these standards long-term, thereby guaranteeing the quality, sustainability, and attractiveness of its real estate projects in a competitive market.

4.3.2.7 Develop the Organization

The Company recognizes that its ambitious growth objectives and commitment to delivering high-quality projects on time and within budget are linked to its ability to recruit and retain top talent. In light of this, AlMajdiah has assembled a team with a broad range of skills encompassing design, engineering, project management, contract negotiation, and customer service. This team is led by a seasoned management group with multi-faceted real estate experience, ensuring that every project adheres to the highest standards of quality and efficiency.

As AlMajdiah continues to expand its project portfolio to include diverse developments such as towers, townhouses, villas, commercial spaces, and mixed-use projects, the need for a dynamic and skilled workforce becomes increasingly important. To address this need, AlMajdiah is continuously investing in its organizational structure through a number of strategic initiatives, including increasing the headcount to bring fresh expertise into the fold, providing extensive training and development opportunities for existing staff, and strengthening the leadership capabilities within the management team.

Supporting these operational strategies, AlMajdiah's corporate governance framework plays a crucial role in maintaining oversight and strategic direction. The Board of Directors, along with its various sub-committees—including the Executive Committee, Audit Committee, and Nomination and Remuneration Committee—ensures robust governance. This structure not only supports the management team in achieving business objectives but also upholds transparency and accountability, enhancing AlMajdiah's commitment to the highest standards of corporate governance.

4.3.2.8 Support for Local Content and Local Suppliers

AlMajdiah's Supply Strategy is deeply centered on its commitment to supporting local content and empowering small-scale suppliers. By recognizing the significant importance of fostering economic growth and sustainability at the local level, AlMajdiah actively seeks to establish partnerships with small businesses, particularly those specializing in construction materials. By prioritizing local suppliers, the Company not only stimulates the local economy but also ensures the availability of high-quality materials for its projects. This approach allows the Company to benefit from it and also contributes to the overall development and prosperity of the community.

Furthermore, AlMajdiah's procurement practices go beyond mere transactions; driven by a motivation to build long-term relationships with local suppliers, AlMajdiah provides these small businesses with a platform for success and expansion through ongoing collaboration and support. By developing a network of local suppliers, AlMajdiah creates a more sustainable supply chain, reduces logistical complexities, and enhances the sense of community belonging. Through investing in local content and small construction material suppliers, AlMajdiah demonstrates its firm commitment to responsible business practices and local economic and social development.

4.4 Key Suppliers

The Company's ten (10) largest suppliers (in terms of purchase value) for the financial years 2021G, 2022G, 2023G and the Nine-Month Period Ended 30 September 2024G, represented 17%, 37%, 30% and 39.9%, respectively, of the Company's total purchases. That all suppliers are independent and do not represent transactions of related parties in accordance with Article 71 of the Companies Law, except for supplier No. 4 in the financial year 2021G

The following table represents an overview of the Company's key suppliers:

Table 4.5: The Company's ten largest suppliers (by purchase value) as at the financial years 2021G, 2022G, 2023G and the Nine-Month Period Ended 30 September 2024G

No.	Supplier	Products Supplied	Supply Value	Supply Percentage of Total Purchases	Nature of Relationship
Transactions with the Company's Key Suppliers during FY2021G					
1	Supplier 1	Construction services	54,796,319	4%	Contractual
2	Supplier 2	Construction services	52,665,801	4%	Contractual
3	Supplier 3	Supply of construction materials	32,776,143	2%	Contractual
4	Supplier 4	Development services	29,942,707	2%	Contractual
5	Supplier 5	Supply of construction materials	13,277,381	1%	Non-contractual (purchase orders)
6	Supplier 6	Supply of construction materials	12,248,938	1%	Non-contractual (purchase orders)
7	Supplier 7	Construction services	12,153,276	1%	Contractual
8	Supplier 8	Construction services	10,088,428	1%	Contractual
9	Supplier 9	Supply of construction materials	9,561,795	1%	Non-contractual (purchase orders)
10	Supplier 10	Supply of construction materials	8,225,905	1%	Non-contractual (purchase orders)
Transactions with the Company's Key Suppliers during FY2022G					
1	Supplier 1	Construction services	138,462,324	11%	Contractual
2	Supplier 2	Construction services	93,636,504	8%	Contractual
3	Supplier 3	Construction services	61,695,517	5%	Contractual
4	Supplier 4	Construction services	41,647,957	3%	Contractual
5	Supplier 5	Construction services	34,124,231	3%	Contractual
6	Supplier 6	Supply of construction materials	18,987,535	2%	Non-contractual (purchase orders)
7	Supplier 7	Construction services	13,652,578	1%	Contractual
8	Supplier 8	Construction services	12,998,812	1%	Contractual
9	Supplier 9	Construction services	12,903,865	1%	Contractual
10	Supplier 10	Supply of construction materials	12,519,062	1%	Non-contractual (purchase orders)
Transactions with the Company's Key Suppliers during FY2023G					
1	Supplier 1	Construction services	207,159,709	12%	Contractual
2	Supplier 2	Construction services	117,868,884	7%	Contractual
3	Supplier 3	Construction services	65,559,712	4%	Contractual
4	Supplier 4	Construction services	47,321,960	3%	Contractual
5	Supplier 5	Air conditioning and heating	15,901,598	1%	Contractual
6	Supplier 6	Construction services	15,765,466	1%	Contractual
7	Supplier 7	Construction services	15,083,625	1%	Contractual
8	Supplier 8	Construction services	11,809,862	1%	Contractual

No.	Supplier	Products Supplied	Supply Value	Supply Percentage of Total Purchases	Nature of Relationship
9	Supplier 9	Construction services	7,932,728	0.47%	Contractual
10	Supplier 10	Construction services	7,657,077	0.45%	Contractual
Transactions with the Company's Key Suppliers during the Nine-Month Period Ended 30 September 2024G					
1	Supplier 1	Construction services	267,411,591	27.2%	Contractual
2	Supplier 2	Construction services	43,969,699	4.5%	Contractual
3	Supplier 3	Construction services	22,051,477	2.2%	Contractual
4	Supplier 4	Construction services	21,198,263	2.2%	Contractual
5	Supplier 5	Construction services	8,658,755	0.9%	Contractual
6	Supplier 6	Facilities	7,494,812	0.8%	Contractual
7	Supplier 7	Construction services	6,541,214	0.7%	Contractual
8	Supplier 8	Publicity	5,672,805	0.6%	Contractual
9	Supplier 9	Construction services	3,998,459	0.4%	Contractual
10	Supplier 10	Design services	3,996,250	0.4%	Contractual

Source: The Company

4.4.1 Maintain an Efficient Capital Structure and Enhance Returns to Shareholders

AlMajdiah intends to maintain an efficient capital structure with sufficient flexibility to execute on sustainable growth opportunities as they arise while maintaining prudent debt levels which AlMajdiah expects will enable it to fund dividend distributions to enhance long-term shareholder value. AlMajdiah's debt to equity ratio as at 30 September 2024G was 132% which is lower than the average for its peers. Over the medium to long term, AlMajdiah intends for its debt-to-equity ratio to remain below 1.5x.

AlMajdiah's strong balance sheet allows it to provide shareholders with a mix of growth by enhancing its project pipeline and cash returns through profits.

4.5 Overview of the Ownership Structure of the Company and Evolution Thereof

The Company was established on 20/08/1435H (corresponding to 10/06/2014G) under the name "Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company" with a capital of one hundred thousand Saudi Riyals (SAR 100,000) and an ownership structure as follows:

Table 4.6: Company Ownership Structure upon Incorporation

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value (SAR)
Nasser Abdulrahman AlMajed	50%	50	1,000
Abdulsalam Abdulrahman AlMajed	50%	50	1,000
Total	100%	100	100,000

Source: The Company

On 07/04/1442H (corresponding to 22/11/2020G), the Company increased its share capital from one hundred thousand Saudi Riyals (SAR 100,000) to three hundred million Saudi Riyals (SAR 300,000,000) by capitalizing the amounts owed to the Shareholders, as follows:

Table 4.7: Company Ownership Structure as at 07/04/1442H (corresponding to 22/11/2020G)

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value (SAR)
Nasser Abdulrahman AlMajed	50%	150,000	150,000,000
Abdulsalam Abdulrahman AlMajed	50%	150,000	150,000,000
Total	100%	300,000	300,000,000

Source: The Company

On 08/10/1442H (corresponding to 20/05/2021G), the Shareholders changed the Company name from Nasser and Abdul-Salam Abdul-Rahman AlMajed Real Estate Company to Dar AlMajed Real Estate Company.

On 21/09/1443H (corresponding to 22/04/2022G), Shareholders, Abdulsalam bin Abdulrahman AlMajed and Nasser bin Abdulrahman AlMajed, transferred part of their shares to new Shareholders, resulting in the following ownership structure:

Table 4.8: Company Ownership Structure as at 21/09/1443H (corresponding to 22/04/2022G)

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value (SAR)
Mohammed Abdulrahman AlMajed	19.5%	58,500	58,500,000
Khaled Abdulrahman AlMajed	19.5%	58,500	58,500,000
Hussam Abdulrahman AlMajed	14.625%	43,875	43,875,000
Majed Abdulrahman AlMajed	14.625%	43,875	43,875,000
Abdulsalam Abdulrahman AlMajed	14.625%	43,875	43,875,000
Nasser Abdulrahman Nasser AlMajed	14.625%	43,875	43,875,000
Abdullah Abdulrahman Nasser AlMajed	1.5%	4,500	4,500,000
Nader Hassan Attallah AlAmri	1%	3,000	3,000,000
Total	100%	300,000	300,000,000

Source: The Company

On 26/09/1443H (corresponding to 27/04/2022G), the Shareholders listed in Table 4.8 above (except for Abdullah bin Abdulrahman AlMajed and Nader bin Hassan Attallah AlAmri) sold, for cash consideration, part of their shares, representing fifteen percent (15%) of the Company's capital, to AlFaisaliah Commercial Investment Company (7.5%) and AWJ Real Estate Development and Investment Company (7.5%), resulting in the following ownership structure:

Table 4.9: Company Ownership Structure as at 26/09/1443H (corresponding to 27/04/2022G)

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value (SAR)
Mohammed Abdulrahman AlMajed	16.5%	49,500	49,500,000
Khaled Abdulrahman AlMajed	16.5%	49,500	49,500,000
Hussam Abdulrahman AlMajed	12.375%	37,125	37,125,000
Majed Abdulrahman AlMajed	12.375%	37,125	37,125,000
Abdulsalam Abdulrahman AlMajed	12.375%	37,125	37,125,000
Nasser Abdulrahman AlMajed	12.375%	37,125	37,125,000
AlFaisaliah Commercial Investment Company	7.5%	22,500	22,500,000
AWJ Real Estate Development and Investment Company	7.5%	22,500	22,500,000
Abdullah Abdulrahman AlMajed	1.5%	4,500	4,500,000
Nader Hassan Attallah AlAmri	1%	3,000	3,000,000
Total	100%	300,000	300,000,000

On 15/11/1443H (corresponding to 14/06/2022G), Mohammed Abdulrahman AlMajed assigned, without consideration, part of his shares in the Company, amounting to 37,620 Shares with a total value of SAR 37,620,000, to Dar AlMajed Holding Company; Khaled Abdulrahman AlMajed assigned, without consideration, part of his shares in the Company, amounting to 37,620 Shares, with a total value of SAR 37,620,000, to Dar AlMajed Holding Company; Hussam Abdulrahman AlMajed assigned, without consideration, part of his shares in the Company, amounting to 28,215 Shares, with a total value of SAR 28,215,000, to Dar AlMajed Holding Company; Majed Nasser Abdulrahman AlMajed assigned, without consideration, part of his shares in the Company, amounting to 28,215 Shares, with a total value of SAR 28,215,000, to Dar AlMajed Holding Company; Nasser Abdulrahman AlMajed assigned part of his shares in the Company, amounting to 28,215 Shares, with a total value of SAR 28,215,000, to Dar AlMajed Holding Company; Abdulsalam Abdulrahman AlMajed assigned, without consideration, part of his shares in the Company, amounting to 13,356 Shares, with a total value of SAR 13,356,000, to Dar AlMajed Holding Company; Abdulsalam Abdulrahman AlMajed assigned, without consideration, part of his shares in the Company, amounting to 14,850 Shares, with a total value of SAR 148,500,000, to AlMajd AlAwla Real Estate Company; and AlFaisaliah Commercial Investment Company assigned, without consideration, all its shares in the Company, amounting to 22,500 Shares with a total value of SAR 22,500,000, to Rufaid Modern Investment Company, resulting in the following ownership structure:

Table 4.10: Company Ownership Structure as at 15/11/1443H (corresponding to 14/06/2022G)

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value (SAR)
Dar AlMajed Holding Company	57.75%	173,250	173,250,000
Rufaid Modern Investment Company	7.5%	22,500	22,500,000
AWJ Real Estate Development and Investment Company	7.5%	22,500	22,500,000
AlMajd AlAwla Real Estate Company	4.95%	14,850	14,850,000
Mohammed bin Abdulrahman AlMajed	3.96%	11,880	11,880,000
Khaled bin Abdulrahman AlMajed	3.96%	11,880	11,880,000
Hussam bin Abdulrahman AlMajed	2.97%	8,910	8,910,000
Majed bin Abdulrahman AlMajed	2.97%	8,910	8,910,000
Nasser bin Abdulrahman AlMajed	2.97%	8,910	8,910,000
Abdulsalam bin Abdulrahman AlMajed	2.97%	8,910	8,910,000
Abdullah bin Abdulrahman AlMajed	1.5%	4,500	4,500,000
Nader Hassan Attallah AlAmri	1%	3,000	3,000,000
Total	100%	300,000	300,000,000

On 23/06/1444H (corresponding to 16/01/2023G), the Company was converted from a limited liability company to a closed joint-stock company with an issued capital of three hundred million Saudi Riyals (SAR 300,000,000) divided into thirty million (30,000,000) Ordinary Shares with an equal value of ten Saudi Riyals (SAR 10) per share, and registered in the commercial register as a closed joint-stock company, resulting in the following ownership structure:

Table 4.11: Company Ownership Structure as at 23/06/1444H (corresponding to 16/01/2023G)

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value (SAR)
Dar AlMajed Holding Company	57.75%	17,325,000	173,250,000
Rufaid Modern Investment Company	7.5%	2,250,000	22,500,000
AWJ Real Estate Development and Investment Company	7.5%	2,250,000	22,500,000
AlMajd AlAwla Real Estate Company	4.95%	1,485,000	14,850,000
Khaled bin Abdulrahman AlMajed	3.96%	1,188,000	11,880,000
Mohammed Abdulrahman AlMajed	3.96%	1,188,000	11,880,000
Hussam bin Abdulrahman AlMajed	2.97%	891,000	8,910,000
Majed bin Abdulrahman AlMajed	2.97%	891,000	8,910,000
Nasser bin Abdulrahman AlMajed	2.97%	891,000	8,910,000
Abdulsalam bin Abdulrahman AlMajed	2.97%	891,000	8,910,000
Abdullah bin Abdulrahman AlMajed	1.5%	450,000	4,500,000
Nader Hassan Attallah AlAmri	1%	300,000	3,000,000
Total	100%	30,000,000	300,000,000

On 26/11/1445H (corresponding to 03/06/2024G), the Extraordinary General Assembly resolved to reduce the nominal value of each Share from ten Saudi Riyals (SAR 10) to one Saudi Riyal (SAR 1) per Share. The Company's issued capital is now three hundred million Saudi Riyals (SAR 300,000,000) divided into three hundred million (300,000,000) Ordinary Shares with an equal value of one Saudi Riyal (SAR 1) per share, resulting in the following ownership structure:

Table 4.12: Company Ownership Structure as at the date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value (SAR)
Dar AlMajed Holding Company	57.75%	173,250,000	173,250,000
Rufaid Modern Investment Company	7.5%	22,500,000	22,500,000
AWJ Real Estate Development and Investment Company	7.5%	22,500,000	22,500,000
AlMajd AlAwla Real Estate Company	4.95%	14,850,000	14,850,000
Khaled bin Abdulrahman AlMajed	3.96%	11,880,000	11,880,000

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value (SAR)
Mohammed Abdulrahman AlMajed	3.96%	11,880,000	11,880,000
Hussam bin Abdulrahman AlMajed	2.97%	8,910,000	8,910,000
Majed bin Abdulrahman AlMajed	2.97%	8,910,000	8,910,000
Nasser bin Abdulrahman AlMajed	2.97%	8,910,000	8,910,000
Abdulsalam bin Abdulrahman AlMajed	2.97%	8,910,000	8,910,000
Abdullah bin Abdulrahman AlMajed	1.5%	4,500,000	4,500,000
Nader Hassan Attallah AlAmri	1%	3,000,000	3,000,000
Total	100%	300,000,000	300,000,000

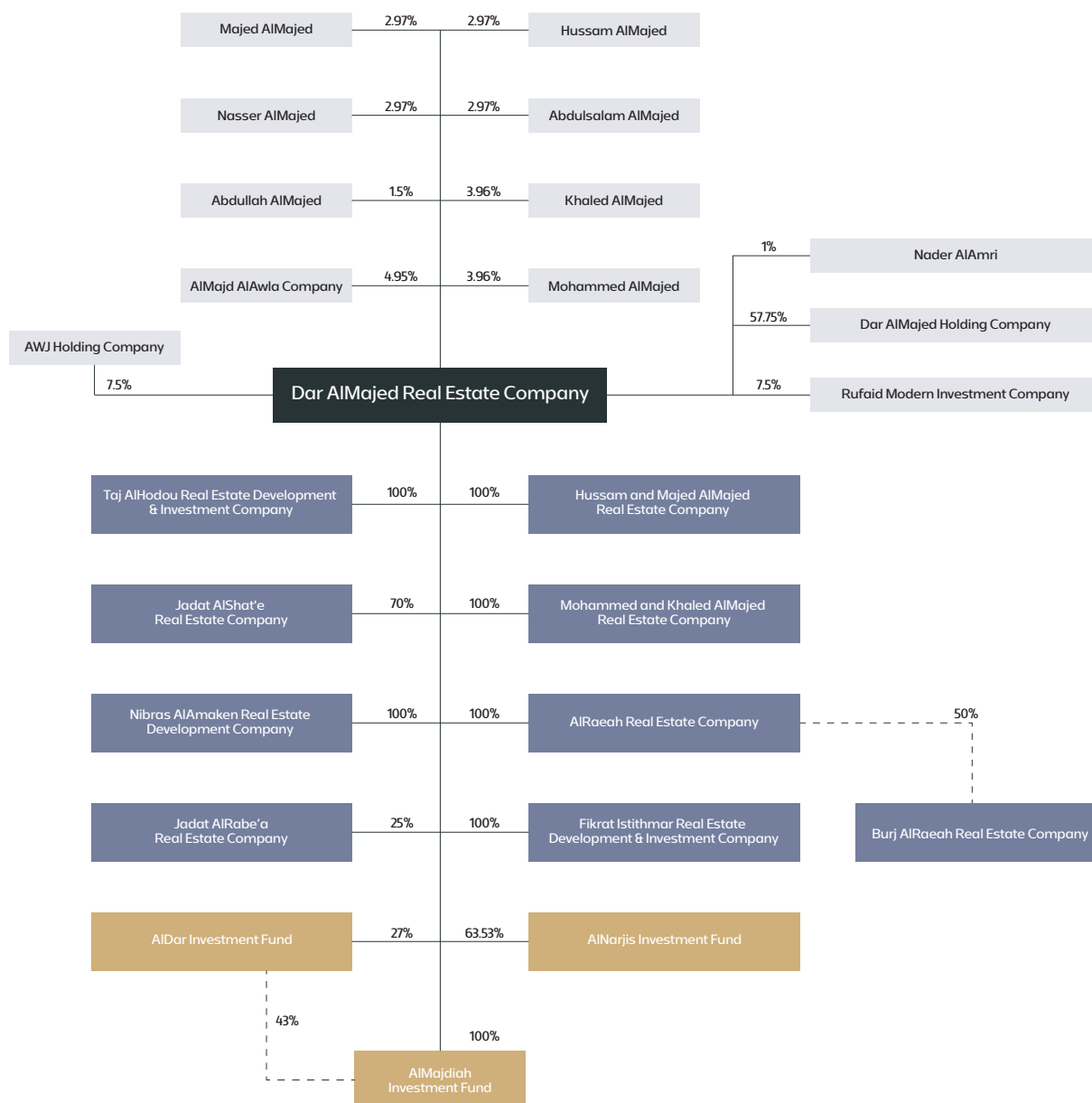
4.6 Key Developments of the Company since Establishment

Year	Event / development
1969G	- Sheikh Abdulrahman bin Nasser AlMajed began his investment and real estate development activities
1999G	- Family members, Mohammed and Khaled Sons of Sheikh Abdulrahman bin Nasser AlMajed, commence land sales and various building activities, including several villas outside Riyadh; in Mecca, Al Madinah and Khobar
2014G	- Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company was established as a limited liability company
2014G	- Delivery of Al AlMajdiah 20 as the first flagship residential product
2016G	- Major uplift to the design of AlMajdiah projects
2017G	- Standardizing specifications, and aligning pricing and marketing across all entities
2018G	- Further review of all designed and construction codes and specifications
2020G	- Changing the name of Nasser & Abdulsalam Abdulrahman AlMajed Real Estate Company to Dar AlMajed Real Estate Company and acquiring all subsidiary companies
2021G	- Achieving sales of more than 1,000 units in a year
2021G	- Entering into partnership with Jadwa Investment to establish real estate funds
2022G	- Faisaliah and AWJ acquire 15% shareholding in AlMajdiah Company
2022G	- AlMajdiah enters into partnership with Blominvest Saudi Arabia and Musharakah Financial Company Capital to launch real estate funds
2022G	- Completion of the AlMajdiah Village project, first integrated community project
2022G	- Conversion of the Company to a closed joint stock company
2023G	- Establishment of new board and board sub-committees as part of AlMajdiah's implementation of corporate governance
2023G	- Commenced construction of the first commercial project – AlMajdiah "Mjaz"
2023G	- Agreement signed with Al Madinah municipality to develop 466,502 sqm of land
2024G	- Agreement signed with National Housing Company to develop 2 projects comprising 551 units in Riyadh
2024G	- AlMajdiah commences construction of high-rise towers for the first time (AlMajdiah 161 and AlMajdiah 162)
2024G	- The Company enters, as a real estate developer and owner of 10% of the units, in a closed private real estate investment fund to develop real estate projects with a subsidiary of a semi-governmental entity and an investment company. The fund size is SAR 1.5 billion

Source: The Company

4.7 Overview of the Structure of the Company and its Subsidiaries

Figure 4.1: Structure Chart of the Company and its Subsidiaries as at the date of this Prospectus



The following table sets out the Company's Subsidiaries as at the date of this Prospectus:

Table 4.13: Summary of Key Information about the Company's Subsidiaries

Serial No.	Subsidiary	Commercial Registration No.	Share Capital (SAR)	Company's Direct Ownership	Company's Indirect Ownership
1	Hussam and Majed AlMajed Real Estate Company	1010425491	15,000,000	100%	0%
2	Mohammed and Khaled AlMajed Real Estate Company	1010159804	60,000,000	100%	0%
3	AlRaeah Real Estate Company	1010697309	100,000	100%	0%
4	Fikrat Istithmar Real Estate Development & Investment Company	1010569523	100,000	100%	0%
5	Nibras AlAmaken Real Estate Development Company	1010587134	100,000	100%	0%
6	Taj AlHodou Real Estate Development & Investment Company	1010586987	100,000	100%	0%
7	Jadat AlShat'e Real Estate Company	4030381446	500,000	70%	0%
8	Jadat AlRabe'a Real Estate Company	1010662510	100,000	25%	0%
9	Burj AlRaeah Real Estate Company	1009072138	500	-	50%
10	AlMajdiah Investment Fund	0515-206-087	1,000,000,000	100%	0%
11	AlDar Investment Fund	0515-206-075	2,000,000,000	27%	43%
12	AlNarjis Investment Fund	0515-206-108	500,000,000	63.53%	0%

4.7.1 Overview of Subsidiaries and Real Estate Funds

Set out below is an overview of the Company's Subsidiaries and Real Estate Funds.

- Hussam and Majed AlMajed Real Estate Company**

Hussam and Majed AlMajed Real Estate Company is a limited liability company registered under Commercial Registration No. 1010425491 dated 01/12/1435H (corresponding to 25/09/2014G). The company's head office is located in Riyadh, Kingdom of Saudi Arabia. The capital of Hussam and Majed AlMajed Real Estate Company is fifteen million Saudi Riyals (SAR 15,000,000) divided into thirty thousand (30,000) cash shares with an equal value of five hundred Saudi Riyals (SAR 500) per share.

Pursuant to its articles of association, the main business activities of Hussam and Majed AlMajed Real Estate Company include real estate activities with own or leased property, commercial activities on a fee or contract basis, and construction of buildings.

Table 4.14: Ownership Structure of Hussam and Majed AlMajed Real Estate Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value
Dar AlMajed Real Estate Company	100%	30,000	500
Total	100%	30,000	500

• Mohammed and Khaled AlMajed Real Estate Company

Mohammed and Khaled AlMajed Real Estate Company is a limited liability company registered under Commercial Registration No. 1010159804 dated 25/03/1421H (corresponding to 27/06/2000G). The company's head office is located in Riyadh, Kingdom of Saudi Arabia. The capital of Mohammed and Khaled AlMajed Real Estate Company is sixty million Saudi Riyals (SAR 60,000,000) divided into sixty thousand (60,000) cash shares with an equal value of one thousand Saudi Riyals (SAR 1,000) per share.

Pursuant to its articles of association, the main business activities of Mohammed and Khaled AlMajed Real Estate Company include real estate activities with own or leased property, construction of buildings, and land transportation of goods.

Table 4.15: Ownership Structure of Mohammed and Khaled AlMajed Real Estate Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value
Dar AlMajed Real Estate Company	100%	60,000	1,000
Total	100%	60,000	-

• AlRaeah Real Estate Company

AlRaeah Real Estate Company is a limited liability company registered under Commercial Registration No. 1010697309 dated 18/08/1442H (corresponding to 31/03/2021G). The company's head office is located in Riyadh, Kingdom of Saudi Arabia. AlRaeah Real Estate Company's capital is one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) cash shares with an equal value of one thousand Saudi Riyals (SAR 1,000) per share.

Pursuant to its articles of association, the main business activities of AlRaeah Real Estate Company include real estate activities with own or leased property, real estate activities on a fee or contract basis, and construction of buildings.

Table 4.16: Ownership Structure of AlRaeah Real Estate Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value
Dar AlMajed Real Estate Company	100%	100	1,000
Total	100%	100	1,000

• Fikrat Istithmar Real Estate Development & Investment Company

Fikrat Istithmar Real Estate Development & Investment Company is a limited liability company registered under Commercial Registration No. 1010569523 dated 27/07/1440H (corresponding to 03/04/2019G). The company's head office is located in Riyadh, Kingdom of Saudi Arabia. Fikrat Istithmar Real Estate Development & Investment Company's capital is one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) cash shares with an equal value of one thousand Saudi Riyals (SAR 1,000) per share.

Pursuant to its articles of association, the main business activities of Fikrat Istithmar Real Estate Development & Investment Company include real estate activities with own or leased property, and construction of buildings.

Table 4.17: Ownership Structure of Fikrat Istithmar Real Estate Development & Investment Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value
Nasser and Abdulsalam Abdulrahman AlMajed Real Estate Company	100%	100	1,000
Total	100%	100	1,000

• Nibras AlAmaken Real Estate Development Company

Nibras AlAmaken Real Estate Development Company is a limited liability company registered under Commercial Registration No. 1010587134 dated 10/11/1440H (corresponding to 13/07/2019G). The company's head office is located in Riyadh, Kingdom of Saudi Arabia. The capital of Nibras AlAmaken Real Estate Development Company is one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) cash shares with an equal value of one thousand Saudi Riyals (SAR 1,000) per share.

Pursuant to its articles of association, the main business activities of Nibras AlAmaken Real Estate Development Company include real estate activities with own or leased property, and construction of buildings.

Table 4.18: Ownership Structure of Nibras AlAmaken Real Estate Development Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value
Dar AlMajed Real Estate Company	100%	100	1,000
Total	100%	100	-

• Taj AlHodou Real Estate Development & Investment Company

Taj AlHodou Real Estate Development & Investment Company is a limited liability company registered under Commercial Registration No. 1010586987 dated 08/11/1440H (corresponding to 11/07/2019G). The company's head office is located in Riyadh, Kingdom of Saudi Arabia. The capital of Taj AlHodou Real Estate Development & Investment Company is one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) cash shares with an equal value of one thousand Saudi Riyals (SAR 1,000) per share.

Pursuant to its articles of association, the main business activities of Taj AlHodou Real Estate Development & Investment Company include real estate activities with own or leased property, and construction of buildings.

Table 4.19: Ownership Structure of Taj AlHodou Real Estate Development & Investment Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value
Nasser and Abdulsalam Abdulrahman AlMajed Real Estate Company	100%	100	1,000
Total	100%	100	-

• Jadat AlShat'e Real Estate Company

Jadat AlShat'e Real Estate Company is a limited liability company registered under Commercial Registration No. 4030382446 dated 08/10/1441H (corresponding to 31/05/2020G). The company's head office is located in Riyadh, Kingdom of Saudi Arabia. The capital of Jadat AlShat'e Real Estate Company is five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) cash shares with an equal value of one thousand Saudi Riyals (SAR 1,000) per share.

Pursuant to its articles of association, the main business activities of Jadat AlShat'e Real Estate Company include real estate activities with own or leased property, real estate activities on a fee or contract basis, construction of buildings, demolition, and other financial service activities, except insurance and pension funding not elsewhere classified.

Table 4.20: Ownership Structure of Jadat AlShat'e Real Estate Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value
Dar AlMajed Real Estate Company	70%	150	1,000
Jadat AlOula Real Estate Development Company	30%	350	1,000
Total	100%	500	-

• Jadat AlRabe'a Real Estate Company

Jadat AlRabe'a Real Estate Company is a limited liability company registered under Commercial Registration No. 1010662510 dated 03/03/1442H (corresponding to 20/10/2020G). The company's head office is located in Riyadh, Kingdom of Saudi Arabia. The capital of Jadat AlRabe'a Real Estate Company is one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) cash shares with an equal value of one thousand Saudi Riyals (SAR 1,000) per share.

Pursuant to its articles of association, the main business activities of Jadat AlRabe'a Real Estate Company include real estate activities with own or leased property, and construction of buildings.

Table 4.21: Ownership Structure of Jadat AlRabe'a Real Estate Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value
Prince Saud bin Abdullah bin Mohammed Al Saud	60%	60	1,000
Dar AlMajed Real Estate Company	25%	25	1,000
Prince Faisal bin Abdullah bin Mohammed Al Saud	15%	15	1,000
Total	100%	100	-

• Burj AlRaeah Real Estate Company

Burj AlRaeah Real Estate Company is a limited liability company registered under Commercial Registration No. 1009072138 dated 11/01/1446H (corresponding to 17/07/2024G). The company's head office is located in Riyadh, Kingdom of Saudi Arabia. The capital of Burj AlRaeah Real Estate Company is five hundred Saudi Riyals (SAR 500) divided into four (4) cash shares with an equal value of one hundred and twenty-five Saudi Riyals (SAR 125) per share.

Pursuant to its articles of association, the main business activities of Burj AlRaeah Real Estate Company include real estate activities with own or leased property, real estate activities on a fee or contract basis, and construction of buildings.

Table 4.22: Ownership Structure of Burj AlRaeah Real Estate Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value
AbdulKarim Eid Ali Eid	25%	125	125
Ibrahim Mohammed Ibrahim Al Qazlan	25%	125	125
AlRaeah Real Estate Company (Single Person Company)	50%	250	250
Total	100%	500	500

• AlMajdiah Investment Fund

AlMajdiah Investment Fund is a Shariah-compliant closed-ended real estate investment fund, registered with CMA under No. 0515-206-087. The Fund's term is five years starting from the first closing date of the Fund, which was on 08/01/2021G. The term is extendable for two periods, each of which is two years. The fund is managed by Jadwa Investment Company, and the target capital of the fund is SAR 1,000,000,000 Saudi riyals. The Fund was established to develop real estate projects.

The fund's activities are in accordance with the agreed terms and conditions, which aim to grow the capital of unit holders in the medium and long term, by investing in real estate development projects, in addition to investing in income-generating real estate assets and real estate companies by purchasing shares and/or ownership stakes therein at any percentage. As at the date of this Prospectus, the Company owns 13,000,000 units in this fund with an ownership percentage of 100%.

• AlDar Investment Fund

AlDar Investment Fund is a Shariah-compliant closed-ended real estate investment fund registered with CMA under No. 0515-206-075. The Fund's term is three years, starting from the first closing date of the Fund, which was on 31/09/2020G. The term is extendable for two periods, each of which is one year. The Fund is managed by Jadwa Investment Company, and its target capital is SAR 2,000,000,000. The Fund was established to develop real estate projects.

The Fund's activities are in accordance with the agreed terms and conditions, which aim to grow the capital of unit holders in the medium and long term, by investing in real estate development projects, in addition to investing in income-generating real estate assets and real estate companies by purchasing shares and/or

ownership stakes therein at any percentage. As at the date of this Prospectus, the Company owns 402,085.17 units in this fund with a direct and indirect ownership percentage of 70%.

During 2023G, the extension of the Fund's term for one year until 09/12/2024G has been approved. However, The Board of Directors agreed not to extend the Fund's term again, and the Fund's liquidation procedures have been commenced.

• AlNarjis Investment Fund

AlNarjis Investment Fund is a Shariah-compliant closed-ended real estate investment fund, registered with CMA under No. 0515-206-108. The Fund's term is three years, extendable for two periods, each of which is one year. The Fund is managed by Jadwa Investment Company, and its target capital is SAR 500,000,000. The Fund was established to develop real estate projects, which aim to grow the capital of unit holders in the medium and long term, by investing in real estate development projects, in addition to investing in income-generating real estate assets and real estate companies by purchasing shares and/or ownership stakes therein at any percentage.

As at the date of this Prospectus, the Company owns 85,000,000 units in this Fund with an ownership percentage of 63.53%.

4.8 Overview of the Shareholders

The following chart sets out the Company's ownership structure:

Table 4.23: Company's Ownership Structure as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage	Number of Shares	Par Value (SAR)
Dar AlMajed Holding Company	57.75%	173,250,000	173,250,000
Rufaid Modern Investment Company	7.5%	22,500,000	22,500,000
AWJ Real Estate Development and Investment Company	7.5%	22,500,000	22,500,000
AlMajid AlAwla Real Estate Company	4.95%	14,850,000	14,850,000
Khaled bin Abdulrahman AlMajed	3.96%	11,880,000	11,880,000
Mohammed bin Abdulrahman AlMajed	3.96%	11,880,000	11,880,000
Hussam bin Abdulrahman AlMajed	2.97%	8,910,000	8,910,000
Majed bin Abdulrahman AlMajed	2.97%	8,910,000	8,910,000
Nasser bin Abdulrahman AlMajed	2.97%	8,910,000	8,910,000
Abdulsalam bin Abdulrahman AlMajed	2.97%	8,910,000	8,910,000
Abdullah bin Abdulrahman AlMajed	1.5%	4,500,000	4,500,000
Nader Hassan Attallah AlAmri	1%	3,000,000	3,000,000
Total	100%	300,000,000	300,000,000

4.8.1 Dar AIMajed Holding Company

Dar AIMajed Holding Company is a limited liability company registered under Commercial Registration No. 1010754061 dated 27/03/1443H (corresponding to 02/11/2021G). Dar AIMajed Holding Company's head office is located in Riyadh, Kingdom of Saudi Arabia. The company's capital is one hundred and twenty thousand Saudi Riyals (SAR 120,000) divided into one thousand two hundred (1,200) shares with a nominal value of one hundred Saudi Riyals (SAR 100) per share.

Pursuant to its commercial register, the main business activities of Dar AIMajed Holding Company include managing affiliated companies with holding companies, investing the funds of affiliated companies with holding companies, owning real estate and movable property necessary for holding companies, providing loans, guarantees, and financing to companies affiliated with holding companies, owning industrial property rights for companies affiliated with holding companies, and leasing industrial property rights for companies affiliated with holding companies. The following table sets out the ownership structure of Dar AIMajed Holding Company as at the date of this Prospectus:

Table 4.24: Ownership Structure of Dar AIMajed Holding Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage
Khaled Abdulrahman Nasser AIMajed	16.67%
Mohammed Abdulrahman Nasser AIMajed	16.67%
Hussam Abdulrahman Nasser AIMajed	16.67%
Abdulsalam Abdulrahman Nasser AIMajed	16.67%
Majed Abdulrahman Nasser AIMajed	16.67%
Nasser Abdulrahman Nasser AIMajed	16.67%

Source: The Company

4.8.2 AWJ Real Estate Development and Investment Company

AWJ Real Estate Development and Investment Company is a limited liability company registered under Commercial Registration No. 101046913 dated 21/06/1438H (corresponding to 20/03/2017G). The head office of AWJ Real Estate Development and Investment Company is located in Riyadh, Kingdom of Saudi Arabia. The company's capital is five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share.

Pursuant to its commercial register, the main business activities of AWJ Real Estate Development and Investment Company include general construction of residential buildings, general construction of non-residential buildings (such as schools, hospitals, hotels, etc.), construction of prefabricated buildings on-site, restoration of residential and non-residential buildings, management and leasing of real estate with own or leased property (residential), management and leasing of real estate with own or leased property (non-residential), and real estate management activities for commission. The following table sets out the ownership structure of AWJ as at the date of this Prospectus:

Table 4.25: Ownership Structure of AWJ Real Estate Development and Investment Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage
AWJ Holding Company	100%

Source: The Company

The following table sets out the ownership of AWJ Holding Company:

Shareholder's Name	Ownership Percentage
AWJ 1 Investment Company	12.71%
AWJ 2 Investment Company	12.71%
AWJ 3 Investment Company	6.36%
AWJ 4 Investment Company	6.36%
AWJ 5 Investment Company	6.36%

Shareholder's Name	Ownership Percentage
AWJ 6 Investment Company	6.36%
AWJ 7 Investment Company	6.36%
AWJ 8 Investment Company	6.36%
AlMaqam AlThabet Investment Company	36.44%
Total	100%

Source: The Company

The following table sets out the ownership of AWJ 1 Investment Company

Shareholder's Name	Ownership Percentage
AWJ 1 Investment Company	100%

Source: The Company

The following table sets out the ownership of AWJ 2 Investment Company

Shareholder's Name	Ownership Percentage
AWJ 2 Investment Company	100%

Source: The Company

The following table sets out the ownership of AWJ 3 Investment Company

Shareholder's Name	Ownership Percentage
AWJ 3 Investment Company	100%

Source: The Company

The following table sets out the ownership of AWJ 4 Investment Company

Shareholder's Name	Ownership Percentage
AWJ 4 Investment Company	100%

Source: The Company

The following table sets out the ownership of AWJ 5 Investment Company

Shareholder's Name	Ownership Percentage
AWJ 5 Investment Company	100%

Source: The Company

The following table sets out the ownership of AWJ 6 Investment Company

Shareholder's Name	Ownership Percentage
AWJ 5 Investment Company	100%

Source: The Company

The following table sets out the ownership of AWJ 7 Investment Company

Shareholder's Name	Ownership Percentage
AWJ 7 Investment Company	100%

Source: The Company

The following table sets out the ownership of AWJ 8 Investment Company

Shareholder's Name	Ownership Percentage
AWJ 8 Investment Company	100%

Source: The Company

In addition to the foregoing, we note that AlMaqam AlThabet Investment Company is 100% owned by an endowment.

4.8.3 Rufaid Modern Investment Company

Rufaid Modern Investment Company is a limited liability company registered under Commercial Registration No. 1010813886 dated 23/12/1443H (corresponding to 22/07/2022G). The head office of Rufaid Modern Investment Company is located in Riyadh, Kingdom of Saudi Arabia. The company's capital is one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share.

Pursuant to its commercial register, the main business activities of Rufaid Modern Investment Company include heavy coal mining and rice cultivation. The following table sets out the ownership structure of Rufaid Modern Investment Company as at the date of this Prospectus:

Table 4.26: Ownership Structure of Rufaid Modern Investment Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage
AlFaisaliah Commercial Investment Company – Single Person Company	99%
Rufaid Commercial Investment Company	1%

Source: The Company

4.8.3.1 AlFaisaliah Commercial Investment Company

AlFaisaliah Commercial Investment Company is a single person limited-liability company registered under Commercial Registration No. 1010187830 dated 23/04/1424H (corresponding to 23/06/2003G). The company's head office is located in Building 19, Business Gate, Qurtubah District, Eastern Ring Road, Riyadh 11464, Kingdom of Saudi Arabia. The company's current capital is one million Saudi Riyals (SAR 1,000,000) divided into one hundred thousand (100,000) cash shares with a nominal value of ten Saudi Riyals (SAR 10) per share.

Pursuant to its Bylaws, the main business activities of AlFaisaliah Commercial Investment Company include rice cultivation; mining of heavy coal (Anthracite); wholesale of electronic and communications equipment and parts; wholesale of metals and metal ores; retail sale of computers, peripheral units, software and telecommunications equipment in specialized stores; and computer consultancy and computer facilities management activities.

The following table sets out the ownership structure of AlFaisaliah Commercial Investment Company as at the date of this Prospectus:

Table 4.27: Ownership Structure of AlFaisaliah Commercial Investment Company as at the Date of this Prospectus

Shareholders	Ownership Percentage	Number of Shares	Par Value per share (SAR)	Total nominal Value (SAR)
AlFaisaliah Holding Group Company	100%	100,000	10	1,000,000
Total	100%	100,000	-	1,000,000

Source: The Company

4.8.3.2 AlFaisaliah Holding Group

AlFaisaliah Holding Group is a closed joint stock company, registered under Commercial Registration No. 1010158635 dated 26/01/1421H (corresponding to 01/05/2000G). The company's head office is located in Building 19, Business Gate, Qurtubah District, Eastern Ring Road, P.O. Box 16460, Riyadh 11464, Kingdom of Saudi Arabia. The Company's current capital is three hundred and seventy-five million Saudi Riyals (SAR 375,000,000) divided into thirty-seven million and five hundred thousand (37,500,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share.

Pursuant to its Bylaws, the main business activities of AlFaisaliah Holding Group include management of subsidiaries or participation in the management of other companies in which it has shares and provide them with the necessary support, investment in stocks and other securities, ownership of real estate and movable property necessary to carry out the Company's activity, provision of loans, guarantees and financing to subsidiaries, ownership of industrial property rights such as patents, trademarks, industrial and franchise rights and other moral rights, to use and lease the same to subsidiaries or others.

The following table shows the ownership structure of AlFaisaliah Holding Group as at the date of this Prospectus:

Table 4.28: Ownership Structure of AlFaisaliah Holding Group as at the date of this Prospectus

Shareholder	No. of Shares	Par value per share (SAR)	Total nominal value (SAR)	Ownership Percentage ⁽¹⁴⁾
Faisal bin Abdullah Al Saud	7,312,500	10	73,125,000	19.50%
Abdulrahman bin Abdullah Al Saud	4,265,625	10	42,656,250	11.38%
Mohammed bin Khalid Al Saud	4,265,625	10	42,656,250	11.38%
Turki bin Abdullah Al Saud	4,265,625	10	42,656,250	11.38%
Sultan bin Abdullah Al Saud	4,265,625	10	42,656,250	11.38%
Sultana bint Abdullah Al Saud	3,656,250	10	36,562,500	9.8%
Faisal bin Saud Al Saud	1,066,406	10	10,664,060	2.84%
Khalid bin Saud Al Saud	1,066,406	10	10,664,060	2.84%
Mohammed bin Abdulrahman Al Arifi	937,500	10	9,375,000	2.50%
Turki bin Mohammed Al Saud	678,622	10	6,786,220	1.81%
Fahad bin Mohammed Al Saud	678,622	10	6,786,220	1.81%
Saud bin Mohammed Al Saud	678,622	10	6,786,220	1.81%
Talal bin Mohammed Al Saud	678,622	10	6,786,220	1.81%
Sultan bin Mohammed Al Saud	678,622	10	6,786,220	1.81%
Al Anoud bint Fahad Al Saud	533,204	10	5,332,040	1.42%
Sarah bint Saud Al Saud	533,203	10	5,332,030	1.42%
Nouf bint Saud Al Saud	533,203	10	5,332,030	1.42%
Noura bint Saud Al Saud	533,203	10	5,332,030	1.42%
Noura bint Bandar Al Saud	533,203	10	5,332,030	1.42%
Noura bint Mohammed Al Saud	339,312	10	3,393,120	0.91%
Total	37,500,000	--	375,000,000	100%

Source: the Company

¹⁴ Approximate ownership percentage

4.8.3.3 Rufaid Commercial Investment Company

Rufaid Commercial Investment Company is a limited liability company registered under Commercial Registration No. 1010213071 dated 01/09/1426H (corresponding to 04/10/2005G), and its head office is located in Building 19, Business Gate, Qurtubah District, Eastern Ring Road, Riyadh, Kingdom of Saudi Arabia. The company's current capital is one million and five hundred thousand Saudi Riyals (SAR 1,500,000) divided into one hundred and fifty thousand (150,000) shares with a nominal value of ten Saudi Riyals (SAR 10) per share.

Pursuant to its articles of association, the main business activities of Rufaid Commercial Investment Company include rice cultivation; mining of heavy coal (Anthracite); wholesale of computers, peripheral units and software; wholesale of electronic and communications equipment and parts; wholesale of metals and metal ores; and computer consultancy and computer facilities management activities.

The following table sets out the ownership structure of Rufaid Commercial Investment Company as at the date of this Prospectus:

Table 4.29: Ownership Structure of Rufaid Commercial Investment Company as at the Date of this Prospectus

Shareholders	Ownership Percentage	Par value per share (SAR)	Number of Shares	Total nominal Value (SAR)
AlFaisaliah Commercial Investment Company	1%	10	1,500	15,000
AlFaisaliah Holding Group Company	99%	10	148,500	1,485,000
Total	100%	0	150,000	1,500,000

Source: The Company

4.8.4 AlMajd AlAwla Real Estate Company

AlMajd AlAwla Real Estate Company is a limited liability company registered under Commercial Registration No. 1010663682 dated 08/03/1442H (corresponding to 25/10/2020G). The head office of AlMajd AlAwla Real Estate Company is located in Riyadh, Kingdom of Saudi Arabia. The company's capital is one hundred thousand Saudi Riyals (SAR 100,000) divided into ten thousand (10,000) shares with a nominal value of ten Saudi Riyals (SAR 10) per share.

Pursuant to its commercial register, the main business activities of AlMajd AlAwla Real Estate Company include real estate activities with own or leased property. The following table sets out the ownership structure of AlMajd AlAwla Real Estate Company as at the date of this Prospectus:

Table 4.30: Ownership Structure of AlMajd AlAwla Real Estate Company as at the Date of this Prospectus

Shareholder's Name	Ownership Percentage
Hussam Abdulrahman Nasser AlMajed	14.5%
Khaled Abdulrahman Nasser AlMajed	19.75%
Abdulsalam Abdulrahman Nasser AlMajed	14.5%
Abdullah Abdulrahman Nasser AlMajed	1.5%
Majed Abdulrahman Nasser AlMajed	14.5%
Mohammed Abdulrahman Nasser AlMajed	19.75%
Nasser Abdulrahman Nasser AlMajed	14.5%

Source: The Company

4.9 Overview of the Company's Principal Activities

The Company is involved in the development of real estate projects from land sourcing, concept development and design, construction, sales and marketing of real estate. The Company collaborates with design firms and contractors for the development of its projects and oversees the work to ensure that projects are delivered on time, within budget and to the highest quality standards. The Company's projects typically have a modern design and include amenities such as green areas, water features and outdoor spaces.

4.9.1 Key Performance Indicators

The following table sets forth the operating indicators of the Company which the Directors consider to be the key performance indicators for the past three financial years and the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G. The Company has also experienced consistent positive cash flow over each period which has enabled the Company to service its debt and support its future development and expansion.

Table 4.31: Key Performance Indicators

Key Performance Indicators	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
Total units sold	874	1,176	1,220	925	1,421
Total units developed	1,238	1,899	1,366	720	1,238
Sellable area (sqm)	116,743	170,824	171,482	128,999	214,949
Average revenue per unit (SAR)	850,829	1,002,131	1,088,436	1,113,086	1,097,354
Net profit (SAR0 000s)	286,846	109,510	147,381	96,469	181,502
Inventory of Properties (SAR 000s)	335,249	275,788	589,583	972,244	542,759
Total area of land sold (sqm)	54,174	34,720	2,304	768	27,181
Projects under construction (SAR 000s)	852,231	1,420,574	905,003	469,559	1,251,852
Debt to equity	121.0%	145.4%	86.1%	93.8%	132.1%
Return on equity	51.4%	21.8%	22.8%	13.3%	20.8%

Table 4.32: Revenue and Net Profit/(Loss) of the Company and its Subsidiaries

SAR 000s	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
	Revenue	Revenue	Revenue	Revenue	Revenue
Dar AlMajed Real Estate Company*	135,282	81,128	107,858	58,354	103,107
Mohammed and Khaled AlMajed Real Estate Company	107,437	30,324	1,000	1,000	-
Hussam and Majed AlMajed Real Estate Company	189,439	-	1,430	-	3,731
Fikrat Istithmar Real Estate Development & Investment Company	68,034	916	997	900	711
Nibras AlAmaken Real Estate Development Company	371,930	1,189	28,654	21,410	11,753
Taj AlHodou Real Estate Development & Investment Company	-	-	-	-	-
AlRaeah Real Estate Company	127,455	236,208	208,204	67,627	404,645
Jadat AlShat'e Real Estate Company	-	90,441	-	-	-
Jadat AlRabe'a Real Estate Company	84,235	-	-	-	346,194
AlMajdiah Investment Fund**	-	606,875	691,961	541,831	162,735
Eliminations	54,131	(18,888)	-	-	(26,329)
Total	1,137,942	1,028,192	1,040,104	691,123	1,006,548

Source: The Company

* Non-consolidated results of the Company.

** The results of both AlDar Investment Fund and AlNarjis Investment Fund are consolidated with AlMajdiah Investment Fund.

For further information about revenue by type of service provided, please refer to Section 6.10.1.1 ("Revenue by Type") of this Prospectus.

4.9.2 Business Model

4.9.2.1 Overview

The Company operates a flexible and multifaceted business model that is designed to deliver sustainable growth and high customer satisfaction within the real estate market of Saudi Arabia. This model strategically blends project development, quality construction, sales and marketing and post-handover facility management to create a resilient business framework. The Company develops projects are categorized as:

- i. Company-Owned Projects - where AlMajdiah owns the projects directly or indirectly through one of its Subsidiaries.

Under this model AlMajdiah allocates its own resources to acquire land and finance construction and all the Company's revenue is generated at the end of the project through the sale of the Completed Properties. Overall profit under this model may be potentially higher than under the other ownership models as the Company realizes the full value of the capital increase of each unit upon sale, although the Company is solely responsible for securing and bearing the cost of financing for the project.

- ii. Joint Venture Projects - where AlMajdiah is a part-owner and the financing required is shared by AlMajdiah and its partners.

Under the Joint Venture Projects Model, the Company generates revenue from the sale of the property and benefits from the increase in the value of the project. The Company also receives a supervision and management fee ranging between 10% and 15% of the cost of each project and a percentage of the projects profit.

- iii. Projects Developed Through Funds - where AlMajdiah acts as developer for a project owned by a fund.

Under this model, the Company is responsible for developing, supervising, marketing and selling the units for a fund owned project in exchange for a development fee and a sales and marketing fee. AlMajdiah usually also takes a stake that could range from 5.0% to 100% ownership of the units in the fund.

- iv. Third-Party Development Projects – the Company develops third-party projects only, without AlMajdiah having any ownership in the project.

4.9.2.2 Project Development

4.9.2.2.1 Land Acquisition

The Company has a wide network of relationships with owners of land banks, real estate brokers and investors. The Company's utilizes this network to identify and source new land for project development.

4.9.2.2.2 Design

This stage focuses on the initial planning of the proposed development, which involves the generation of ideas regarding the composition of the development (i.e., layout, buildings, amenities, design, etc.). The Company then utilizes its internal project execution team to design the project, ensuring that every aspect of the development aligns with the Company's high standards for quality. The Company appoints architects to complete the initial design of the project, following which the estimated bill of quantities for the project ("BOQ") is undertaken which defines the overall scope of work, lists the materials required and details the nature and scope of activities to be carried out to execute the project. Based on this initial design and BOQ the total project cost is determined.

The Company's skilled in-house project execution team, comprised of experts in design, engineering, and project management, collaborates from the outset to conceptualize and execute projects that meet both the aesthetic and practical needs of future residents and commercial tenants. Utilizing the latest in architectural trends and technology, the team focuses on creating spaces that are not only visually appealing but also environmentally responsible, efficient, and of high quality. This integrated approach allows AlMajdiah to maintain control over every phase of development, from preliminary design through to construction and final inspection, ensuring consistency, quality, and the timely completion of projects within budgeted costs.

4.9.2.2.3 Feasibility

Following land sourcing and design, an initial feasibility is prepared. The Company meticulously prepares feasibility studies for each real estate project to ensure its viability and profitability before land acquisition and any development begins. This process involves a thorough analysis of market trends, demographic data, and economic indicators to assess the potential demand for the proposed development. The feasibility study also includes a financial analysis that projects costs, revenue, and profitability over the life of the project.

Key components such as land acquisition costs, construction expenses, legal and regulatory requirements, potential financing options, and revenue projections from property sales or leases are carefully evaluated. This comprehensive approach ensures that each project not only meets market needs but also contributes to the Company's strategic objectives and long-term financial viability.

4.9.2.2.4 Financing and ownership structure

Along with the feasibility the Company also evaluates the sources of financing the project which could be:

- From its internal resources, including available banking facilities;
- In partnership with investors i.e. Joint Venture Projects, where AlMajdiah has a stake in the project. Under this model, the Company, acting as the developer of these projects, is a part owner in the project along with other parties and the financing and profits are shared in proportion to ownership. Currently, the Company has four projects under development as joint ventures:
 - AlMajdiah 129: the Company's partner is a private investor who owns 50.69% of the project. This project is complete and all units are sold;
 - AlMajdiah 136; the Company's partner is Ajlan Riveira who owns 40% of the project. This project is complete and all units have been sold
 - AlMajdiah 148: the Company's partner is a private investor who owns 50% of the project. This project is under construction
 - AlMajdiah 154: the Company's partner is a private investor who owns 50% of the project. This project is under construction
- Through real estate funds where AlMajdiah has the option to contribute equity into the fund. AlMajdiah has various levels of ownership in each project through the relevant fund ranging from 0% (i.e. acting purely as a developer) to 100% ownership of the units in the fund. For a list of projects developed through real estate funds, please refer to Section 4.9.3.2.3.
- Other project owners where AlMajdiah has no ownership and only acts as a developer in exchange for development fee and sales and marketing fee. AlMajdiah is currently developing AlMajdiah 160 in Al Faroq District in Riyadh as a Development Only Project. Similarly the Company has also entered into an agreement with AlMajdiah municipality for the Masharef AlMajdiah Project where it will develop apartments and townhouses for sale but the Company does not have any equity ownership in this project. For further details on this project, please refer to Section 4.9.3.2.4 (ii).

Subsequent to the financing and ownership structuring decision, a feasibility report is prepared which is then presented to the senior management for approval. The approval criteria for a project includes:

- Location and likely customer demand
- Clear legal title and ability to obtain all building permits
- Financial returns

4.9.2.2.5 Construction

After approval of the feasibility of the project, the Projects department sends requests for proposals (RFPs) to contractors on its list of qualified contractors for the construction phase of the project.

Along with the RFPs for contractors, the Company also prepares detailed project designs through the design consultant and applies to the relevant municipality to obtain buildings permits which are required to authorize the construction of the project in accordance with architectural plans submitted to the municipality. At this stage the Company also applies for an "off-plan" sales license if it intends to sell the project on an "off-plan" basis rather than upon 100% completion. Off-plan sales allow the Company to de-risk the project by obtaining early sales commitments as well as milestone based payments that improve AlMajdiah's project cash flows and its working capital cycle.

Following receipt of the proposals from contractors, the Projects department selects contractors based on technical and financial criteria including their ability to meet the project schedule and taking into consideration the Company's specific requirements for the project. A report with a summary of the proposals received is prepared by the Projects department and submitted to the Deputy CEO who then makes a recommendation to the CEO of the Company.

The Company works with leading contractors on its projects and believes that it is able to attract these contractors at competitive prices due to its position as a leading developer. The Company enters into construction agreements with contractors which require that the contractor performs the work in accordance with the detailed designs submitted to the municipality as well as agreed timelines. The construction agreements with contractors include back-back arrangements where any delays to the construction that could result in fines or penalties on AlMajdiah as a developer would result in similar fines and penalties on the contractor. AlMajdiah is thus able to mitigate the risk from project delays due to a fault of the contractor. The Company engages contractors under one of two models:

- i. Turnkey basis: whereby the Company appoints a single large contractor for end-to-end delivery. The contractor is then responsible for hiring sub-contractors for specific services such as excavation, structure, mechanical-electrical-plumbing, HVAC and decoration and for delivering the project according to the agreed schedule in the contract. The “turnkey contractor” is also required to provide a defect insurance policy to protect against future defects that may arise and provide guarantees for the foundational structure.
- ii. Sub-contracting basis: whereby AIMajdiah engages individual sub-contractors directly and retains responsibility for project management.

Since FY2022G, the Company is increasingly shifting to the “Turnkey” model with most projects offered to Turnkey contractors. Of the Company’s more than 40 current ongoing projects, only two projects are currently be constructed on a Sub-contracting basis.

The Projects department is responsible for supervising and monitoring the work performed by the contractors. Each project has a designated structural engineer, project engineer and site monitor who are responsible for different aspects of the project. The cost and time spent on the project are monitored closely through the Company’s cost performance index (CPI) and schedule performance index (SPI) reports with the objective of delivering the project on scope within time and within budget.

During the period of construction the Company provides construction progress updates to the relevant municipality. When the project is complete the project is inspected by the municipality against the detailed designs approved by the municipality.

After completion of the project, the Company liaises with the municipality to obtain title deeds for each unit. After obtaining the segregated title deeds the Company applies for connection of water and electricity meters by providing relevant documentation. Subject to authorization of the legal department of the municipality, the legal title to the unit is transferred to the owner.

4.9.2.2.6 Marketing and Sales

The Company adopts a sophisticated approach to the marketing and sales of each of its projects, ensuring that the strategies implemented are well-informed and tailored to meet specific market demands. The development of each project’s marketing and sales plan begins with a comprehensive analysis conducted by the sales team, which gathers key insights that are crucial for crafting an effective strategy.

- **Launch Plan and Marketing Strategy Development:** For every project, a detailed launch plan is devised which outlines the timeline and key milestones for marketing activities. This plan is designed to maximize market exposure and generate interest among potential buyers as early as possible in the sales cycle. The marketing strategy is developed to support the launch plan and is informed by a deep understanding of the project’s unique selling propositions and the preferences of the target market. The marketing strategy includes a mix of digital marketing, traditional advertising, public relations campaigns, and engagement activities such as open houses or virtual tours, all tailored to communicate the distinct benefits and features of the development effectively.
- **Insight-Driven Pricing Proposal:** The pricing strategy is one of the critical components of the sales plan, developed based on insights from the sales team. The sales analyzes various factors including the features of different residential units, such as size, layout, amenities, and additional luxury offerings. Pricing is strategically set to reflect the value offered by each unit type, ensuring competitiveness within the market while aiming to achieve the desired profitability.
- **Affordability Analysis:** A thorough affordability analysis is an integral part of the strategy. This analysis examines a combination of factors that influence purchasing decisions, including target market research that identifies the financial demographics of prospective buyers, current rental yields which provide an indication of the investment potential, prevailing mortgage rates which affect buyer affordability, and target profit margins necessary for the project’s financial success. This holistic approach ensures that the pricing strategy not only aligns with market conditions but also meets the financial expectations of both the Company and its potential customers.
- **“Off-plan” sales:** As its portfolio grows, AIMajdiah is increasingly offering projects for off-plan sales to receive early commitments from customers, de-risk the project and improve working capital by receiving cash advances against agreed construction milestone. In these cases, AIMajdiah shall obtain an off-plan sales license. The Company has obtained off-plan sales licenses for AIMajdiah 140 and AIMajdiah 148 projects which the Company intends to offer for sale under an off-plan sales structure;

By integrating these detailed strategies—each backed by data and targeted market research— AIMajdiah ensures that its marketing and sales efforts are optimized to meet the needs of the market effectively while supporting the Company’s broader objectives for growth and profitability. This methodical approach allows AIMajdiah to navigate the complexities of real estate sales successfully, achieving excellent results across its diverse portfolio of developments.

Following the completion of a sale, the customer signs a standardized sales contract that has been approved by the Company's legal department. This contract contains the details of the property purchased, terms of payments and the warranties and guarantees offered by AlMajdiah. After completion of the sale and receipt of payment, the title to the property is transferred to the purchaser.

4.9.2.2.7 Post hand-over facility management

AlMajdiah prioritizes the maintenance of its properties by providing a comprehensive maintenance service for an agreed period following handover, as stipulated in the sales contracts with buyers. Historically, the post-handover maintenance period has been one year. During this period, AlMajdiah typically contracts with operations and maintenance providers who supply the necessary manpower for daily cleaning, upkeep, and repairs, ensuring that all projects remain in prime condition. At the expiry of the post-handover maintenance period, the responsibility for maintenance is transferred to the residents of the project via the establishment of a residents' association, facilitating community involvement in the ongoing care of their living environment.

Recognizing the importance of long-term sustainability for its developments and the potential to monetize its extensive project portfolio, AlMajdiah is now evolving its approach to facility management. The Company has begun to extend its facility management services beyond the standard one-year period, transitioning to a longer-term management model. This strategic shift was initially implemented in developments such as AlMajdiah 123, AlMajdiah 124, AlMajdiah 125, and AlMajdiah Village, where AlMajdiah now manages maintenance and upkeep for an extended period of five years.

This extension ensures that the properties are maintained to a high standard long after the initial post-handover year whilst providing a continuous revenue stream for the Company through the provision of these services. AlMajdiah generated revenue of SAR 14.6 million in FY2023G, and SAR 12.4 million in the period ended 30 September 2024G from providing facility management to these projects. To support this expanded role, AlMajdiah has established a dedicated in-house facility management department. This department is tasked with overseeing all aspects of facility management across AlMajdiah's developments, ensuring consistency and quality of service. The department comprises a team of professionals skilled in various aspects of property management, from technical maintenance to customer service, to manage the day-to-day operations effectively.

Looking forward, AlMajdiah plans to roll out these extended facility management services to other projects, further solidifying its market position as a forward-thinking real estate developer that goes beyond traditional construction and sales to ensure comprehensive lifecycle management of its properties. For further information about the number of projects and their percentage of the total projects, please refer to Section 4.3.2.4 ("Maintain a Flexible Development Approach") of this Prospectus.

4.9.3 Company's Significant Completed and Ongoing Projects

4.9.3.1 Completed Projects

The table below sets out the key indicators for all projects which have been developed under one of the Company's four Development Models and were available for sale during the last three financial years.

Table 4.33: All projects available for sale during FY2021G, FY2022G, FY2023G, and the Nine-Month Periods Ended 30 September 2023G and 2024G

	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
Number of projects	19	13	22	24	25
Number of units sold	874	1,176	1,220	925	1,421
Number of units available for sale	112	592	626	-	354
Sellable area (sqm)	116,743	170,824	171,482	128,888	214,949

For further information about Inventory of Properties, please refer to Section 4.3.1.7 ("Major Project Pipeline and Growth Capacity") of this Prospectus.

4.9.3.1.1 Company-Owned Projects

The table below sets out the key metrics for all projects which have been developed under the Company-Owned Project Model and were available for sale during the last three financial years.

Table 4.34: Company-Owned Projects available for sale during FY2021G, FY2022G, FY2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
Number of projects	19	3	5	8	12
Number of units sold	874	112	129	128	691
Sellable area (sqm)	116,743	16,168	18,308	17,546	107,168
Total units for sale	330	251	498	-	173

Source: The Company

Below is a summary of significant Company-Owned Projects which have been completed over the last three financial years.

i. AlMajdiah 102

Located in Al Ardh District in Riyadh the project is spread over land measuring 9,884 sqm and comprises 10 buildings with 135 units. The project is located off Abdullah bin Al Aas road. The project was completed in FY20G and all units were sold by FY2022G. The project generated revenue of SAR 108 million in FY2021G and FY2022G and an ROI⁽¹⁵⁾ of 99%.

ii. AlMajdiah 103

Located in Al Tawun I Riyadh District the project is spread over land measuring 12,796 sqm and comprises 14 buildings with 200 units. The project is just off Hussain Bin Ali road. Sales of the project were completed in FY2021G generating revenue of SAR 194 million in FY2021G with an ROI of 86%.

iii. AlMajdiah 105

Located in Ghornatah District in Riyadh the project is spread over land measuring 5,804 sqm and comprises 6 buildings with 85 units. The project was completed in 2020G and all units were sold by FY2021G generating revenue of more than SAR 60 million in FY20G and FY2021G with an ROI of 63%.

iv. AlMajdiah 137

AlMajdiah 137 is an apartment complex consisting of 6 buildings and 78 units spread. The project has a built-up area of 16,556 sqm and a sellable area of 11,445. The project is located in Al Nofl District in Riyadh in close vicinity to Tala Mall and within a few minutes of Riyadh Park and Dallah Hospital Al Nakheel. The project has been designed with modern amenities such as smart entry system, LED lighting, storage and security system as well as green spaces, working room and common spaces for entertainment and leisure. The project generated sales of SAR 84 million in FY2023G with an ROI of 22%.

v. AlMajdiah "Majaz"

AlMajdiah "Mjaz" is AlMajdiah's first commercial project. The project is located in Aqeeq Al Musa close to Riyadh Park and Boulevard City. Construction of the project began in April 2023G, and it was completed in early 2024G. This project offers approximately 8,311 sqm of sellable/leasable space. AlMajdiah started leasing the property as part of its diversification strategy and to increase rental income as a source of revenue. Given its location, contemporary architecture, and modern facilities, the property is already generating significant interest from potential lessors. Leasing will start in 01/07/2025G.

¹⁵ ROI calculated as net profit generated by the project divided by total project cost i.e. land and construction cost

4.9.3.1.2 Projects Developed in Partnership with Investors

The table below sets out the key metrics for all projects which have been developed in partnership with investors and were available for sale.

Table 4.35: Projects Developed through Funds and Available for Sale during FY2021G, FY2022G, FY2023G⁽¹⁶⁾, and the Nine-Month Periods Ended 30 September 2023G and 2024G

	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
Number of projects	-	-	1	1	-
Number of units sold	-	-	32	31	-
Sellable area (sqm)	-	-	5,024	4,333	-
Total units for sale	-	32	196	-	134

Source: The Company

i. AlMajdiah 136

The Company's partner is Al Ajlan Riviera Company, which owns 40% in the project. AlMajdiah 136 Project was built on a land area of 2,491 sqm and consists of 32 units that were completed in November 2022G and sold out in FY2023G.

4.9.3.1.3 Projects Developed Through Funds

The table below sets out the key metrics for all projects which have been developed under the Projects Developed Through Funds Model and completed during the last three financial years.

Table 4.36: Projects Developed through Funds and Completed during FY2021G, FY2022G, FY2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
Number of projects	-	9	13	12	11
Number of units sold	-	1,047	931	6,561	668
Sellable area (sqm)	-	152,776	132,129	93,600	99,131
Total units for sale	-	196	54	-	490

Source: The Company

Below is a summary of significant Projects Developed Through Funds which have been completed over the last three financial years.

i. AlMajdiah 112

AlMajdiah 112 was developed through the Jadwa Dar 1 fund in which AlMajdiah has a 100% economic interest. Located in Hittin District of Riyadh, the project is spread over 14,700 sqm and comprises 196 units of different sizes. The project displays architectural creativity in a new modernist dwelling on Suwaid Bin Haritha Street near important arteries such as King Khaled Road, Prince Mohammed Bin Salman road and Prince Turki Road (I). The project is close to entertainment precincts such as Boulevard World and Boulevard City. The project was completed in FY2022G and 194 of the 196 units were sold in FY2022G. The project generated total sales of SAR 212 million and an ROI of 8%.

ii. AlMajdiah 124

AlMajdiah 124 was developed through the Jadwa Dar 1 fund in which AlMajdiah has a 100% economic interest. Located in Al Yasmeen District in Riyadh, the project is a luxurious development over 16,847 sqm comprising 18 adjacent buildings with 206 units available in various sizes. The development also has various amenities, facilities and services which are integrated to allow comfortable living for residents. The project was awarded a quality certificate by Bureau Veritas confirming its conformity to building standards, approved plans and the building code. The project was also awarded the leadership in energy and environmental design ("LEED") qualification certificate, being the first residential project in the Kingdom to receive this award.

¹⁶ Includes sales from AlDar Investment Fund which is consolidated by AlMajdiah as 100% of its units are owned by AlMajdiah

iii. AlMajdiah 130

AlMajdiah 130 was developed through the Jadwa Dar fund in which AlMajdiah has a 100% economic interest. Located in the Al Basateen District in Riyadh, the project is situated on land measuring 13,950 sqm and comprises 12 buildings with 192 units in different sizes and integrated facilities. The project has male and female gyms, dining facilities and gardens. The project was awarded a quality certificate by Bureau Veritas confirming its conformity to building standards, approved plans and the building code. The project generated revenue of SAR 177 million through the sale of 191 units until 30 September 2024G and an ROI of 31%. The remaining units are held in inventory.

iv. AlMajdiah Village

AlMajdiah Village was developed through the Jadwa Dar 1 fund in which AlMajdiah has a 100% economic interest. Located in Hittin District in Riyadh and spread over 27,702 sqm AlMajdiah Village is a residential complex with 24 buildings and 338 units. Majida Village is a marquee "integrated community" project which provides for a range of activities and amenities. Units have been designed with the latest modern configuration in a complex that offers luxury residences with privacy and a unique aesthetic. The project includes high-end services, shopping opportunities as well as private parks. AlMajdiah Village is in close proximity to shopping area, airport, King Saud University, King Abdullah Financial District and the city center. AlMajdiah Village was completed in FY2022G and 336 units were sold in the same year. The project generated total revenue of SAR 313 million and an ROI of 28%.

v. AlMajdiah 133

AlMajdiah 133 was developed through a fund managed by Jadwa in which AlMajdiah has a 5% ownership interest. This project comprises 210 units built on a 15,704 square meter plot of land, with a total sellable area of 29,743 square meters. It is located in Qomra District in Riyadh. The Project generated SAR 60 million of revenue through the sale of 61 units until 30 September 2024G.

vi. AlMajdiah 147

AlMajdiah 147 was developed through a fund managed by Blom. This project comprises 312 residential units built on a 26,799 square meter plot of land, with a total sellable area of 51,588 square meters. It is located in AlNarjis District in Riyadh. The Project generated SAR 57 million of revenue through the sale of 53 units until 30 September 2024G.

vii. AlMajdiah 158

AlMajdiah 158 was developed through a Fund managed by Musharaka Capital. This project comprises 98 apartments and 18 villas built on a 12,539 square meter land and is located in Al Sadafa District in Khobar. No units are sold as at 30 September 2024G.

4.9.3.1.4 Third-Party Development Projects

The table below sets out the key metrics for all projects which have been developed under the Third-Party Development Project Model and were available for sale during the last three financial years. Third-Party Development Projects are projects not owned or financed by AlMajdiah and act solely as a developer and in return receive fees for development, sales and marketing (please refer to Section 4.9.2.2.4 ("Financing and ownership structure") of this Prospectus).

Table 4.37: Third-Party Development Projects Available for Sale during FY2021G, FY2022G, FY2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
Number of projects	-	1	3	-	2
Number of units sold	0	17	128	-	62
Sellable area (sqm)	0	1,880	16,021	-	8,650
Total units for sale	0	0	325	-	134

Source: The Company

Below is a summary of significant Third-Party Development Projects which have been completed over the last three financial years.

i. AlMajdiah 119

AlMajdiah 119 was owned by Jadat AlOula in which AlMajdiah has a 9.2% ownership interest. The project is spread over 7,204 sqm and comprises 7 buildings with 96 of different sizes spanning from 2 bedroom apartments measuring approximately 123 sqm to larger 3 bedroom apartments with an area of almost 200 sqm. The project is in the highly popular Al Nakheel District in Riyadh and was amongst the first projects to be developed as “smart homes” with the ability to control lighting, air conditioning and other appliances remotely. The project was awarded a quality certificate by Bureau Veritas confirming its conformity to building standards, approved plans and the building code. The project was completed in FY2022G and all units were sold by the end of FY2023G. AlMajdiah earned development fee and sales and marketing fee from the project (for further details, please refer to Section 6.10.1.1.2 (“Real Estate Development Income”).

ii. AlMajdiah 123

AlMajdiah 123 is owned by a charitable organization. Located in Narjis District in Riyadh, AlMajdiah 123 is an apartment complex constructed on land measuring 4,359 sqm with a total built up area of 11,650 sqm. AlMajdiah 123 has 59 apartments which are equipped with smart home solutions. The project is located in Narjis District and in the vicinity of Princess Noura University and within easy driving distance of Forturi mall and Kingdom hospital. The development includes amenities, common spaces and attractive landscaping. The project was completed in FY2023G with most of the units sold in the same year. AlMajdiah did not receive development fee and sales and marketing fee from the project as the project was implemented as one of the Company’s social responsibility initiatives.

4.9.3.2 Projects under construction / upcoming projects⁽¹⁷⁾

The table below sets out the key indicators for all projects currently being developed by third-parties. The projects are scheduled to be completed during the period from 2024G to 2027G.

Table 4.38: Third-Party Projects Under Construction/Upcoming Projects as at 30 September 2024G

	Residential Units (apartments, townhouses, and villas)	Towers	Commercial Units
Number of projects	27	3	1
Number of units	5,872	397	-
Sellable area (sqm)	1,458,029	34,878	15,000

Source: The Company

For further information on Inventory of Properties Under Development, please refer to Section 6.10.3.2.1 (“**Inventory Properties Under Development - Non-Current**”), and for the project completion period, please refer to Section (“**Company’s Significant Completed and Ongoing Projects**”) of this Prospectus.

4.9.3.2.1 Company-Owned Projects

The table below sets out the expected number of units and the total sellable area of projects currently being developed under the Company-Owned Projects Model that are expected to be completed by the end of 2027G.

Table 4.39: Under Development Company-Owned Projects Expected to be Completed by 2027G

Unit type	Number of Units					Sellable area (sqm) ⁽¹⁸⁾				
	Expected year of completion					Year of completion				
	2024G	2025G	2026G	2027G	2028G	2024G	2025G	2026G	2027G	2028G
Residential apartments	-	850	1,000	-	320	-	108,919	144,078	-	48,000
Townhouses	-	71	-	-	-	-	22,563	-	-	-
Villas	-	35	-	-	-	-	14,322	-	-	-
Towers (Residential)	-	-	-	137	-	-	-	-	11,353	-
Offices	-	-	-	-	-	8,311	-	-	-	-
Mixed-use units	-	-	-	-	-	-	-	-	-	-
Total	-	956	1,000	137	320	8,311	145,804	144,078	11,353	48,000

Source: The Company

¹⁷ As per financial statements as at 30 September 2023G

¹⁸ Sellable/leasable area

The following is a summary of the key Company-owned projects that are currently under development and are expected to be completed by the end of 2028G.

1. AlMajdiah 162

AlMajdiah 162 is a residential tower planned to be built on King Fahd road in the Nakheel District in Riyadh. The project will be constructed on a plot measuring 2,703 sqm with a built up area of 23,524 sqm and sellable area of 11,353 sqm. The project will comprise 137 residential units and is scheduled to commence construction in the 2nd quarter of FY2024G. As at the date of this Prospectus, the project completion rate reached 10%, with completion expected to occur in 2nd quarter of FY2027G.

2. AlMajdiah 163

AlMajdiah 163 is located in a district on a land area of 25 thousand square meters and consists of 210 residential units. The project implementation began in early 2024G. As at the date of this Prospectus, the project completion rate reached 77% and it is expected to be completed in the second half of 2025G.

3. AlMajdiah 165

AlMajdiah 165 is located in As Sulimaniyah and consists of 140 residential units. The project is being developed on a land area of 10 thousand square meters with a total saleable area of 22 thousand square meters. The project implementation began in early 2024G. As at the date of this Prospectus, the project completion rate reached 72% and it is expected to be completed in the second half of 2025G.

4. AlMajdiah 166

AlMajdiah 166 is located in Ar Rafi'ah District, and consists of 39 townhouses on a land area of 10 thousand square meters. The project implementation began in early 2024G. As at the date of this Prospectus, the project completion rate reached 20% and it is expected to be completed in the second half of 2025G.

5. AlMajdiah 167 and AlMajdiah 168

AlMajdiah 167 and AlMajdiah 168 are residential apartment projects that are being constructed in cooperation with the National Housing Company ("NHC"):

AlMajdiah 167 has 91 units that will be built on a plot spanning 17,886 sqm, with a sellable area of 15,282 sqm. As at the date of this Prospectus, the project completion rate reached 16% and it is expected to be delivered in the 2nd quarter of FY2026G.

As for AlMajdiah 168, it will comprise 460 units to be constructed on a plot measuring 65,780 sqm with a sellable area of 77,080 sqm. As at the date of this Prospectus, the project completion rate reached 1% and it is expected to be delivered in 2nd quarter of FY2026G.

These projects represent AlMajdiah's first collaboration with NHC, and they evidence the Company's strategy of sourcing land from different sources. Going forward it is expected that NHC will be a major player in initiating residential projects for Saudi citizens and will therefore need to engage major developers with the capacity and track record to deliver a large volume of projects. With its history and extensive experience, AlMajdiah believes that it is ideally placed to collaborate with NHC and other government-owned developers, such as Roshn, in such projects.

6. AlMajdiah 170

AlMajdiah 170 is located in Al Nakheel District, and consists of 37 residential units. The project is located on a plot of land with an area of 2,200 square meters. The project implementation started in the third quarter of 2024G. As at the date of this Prospectus, the project completion rate reached 48% and it is expected to deliver it in the first quarter of FY2026G.

7. AlMajdiah 171

AlMajdiah 171 is located in Al Nakheel District, and consists of 46 residential units. The project is located on a plot of land with an area of 2,500 square meters. The project implementation started in the third quarter of 2024G. As at the date of this Prospectus, the project completion rate reached 38% and it is expected to be delivered in the first quarter of FY2026G.

8. AlMajdiah 172

AlMajdiah 172 is a villa community consisting of 46 townhouses and being developed in the highly sought after Diriyah District in Riyadh. The townhouse units are being constructed on a plot measuring 9,300 sqm with total sellable area of 14,322 sqm. The villas are expected to receive premium pricing owing to their prime location as well as their modern design, high-quality materials, smart home system, landscaping, and security systems.

As at the date of this Prospectus, the project is still in the design and licensing phase and it is expected to be completed by the end of the second half of 2026G.

9. AlMajdiah 173

AlMajdiah 173 project is located in Narjis District on a land area of approximately 5,150 square meters. The project consists of 70 residential units with a total saleable area of 8,575 square meters. The project implementation began in the second quarter of 2024G. As at the date of this Prospectus, the project completion rate reached 73% and it is expected to be completed by the end of 2025G.

10. AlMajdiah 174

AlMajdiah 174 project is located in Al Nada on a land area of approximately 16,685 square meters. The project consists of 224 residential units with a total saleable area of 30,254 square meters. As at the date of this Prospectus, the project is still in the design and licensing phase and it is expected to be completed by the end of 2026G.

11. AlMajdiah 178

This project comprises 183 residential apartments in Hittin District in Riyadh, built on a 12,500 square meter land. The project implementation started early 2025G. As at the date of this Prospectus, the project implementation rate reached 5% and it is expected to be completed at the end of 2026G.

12. AlMajdiah 179

This project comprises 26 units, including townhouses and villas, built on a 14,700 square meter land located in Hittin District in Riyadh. The project is still in the design and licensing period and it is expected to be completed by the end of 2026G.

13. AlMajdiah 176 (Khayala 1)

AlMajdiah 176 is a new project to be developed with the National Housing Company on a land area of 68,373 square meters in Jeddah. The project will include 320 residential units. The project implementation started in the first quarter of 2025G. As at the date of this Prospectus, the project completion rate reached 1% and it is expected to be completed in 2028G.

14. AlMajdiah 180

This project comprises 32 townhouses in Al Basateen District in Jeddah. It is built on a land area of approximately 6,969 square meters. The project implementation started early 2025G. As at the date of this Prospectus, the project completion rate reached 17% and it is expected to be completed by the end of 2026G.

4.9.3.2.2 Joint Ventures Projects

The Company currently has one project under development in partnership with another party. This project is scheduled for completion in 2026G.

1. AlMajdiah 175

AlMajdiah 175 is located in Al-Rabih District in Riyadh, covering area of 13,000 square meters. AlMajdiah plans to build a residential complex comprising approximately 145 units. The project implementation started early 2025G. As at the date of this Prospectus, the project completion rate reached 11% and it is expected to be completed by the end of 2026G.

4.9.3.2.3 Projects Developed Through Funds

The table below sets out the expected number of units and total sellable area for projects, which are currently being developed under the Venture Project Model developed through funds and are expected to be completed by the end of 2027G.

Table 4.40: Table 4.40: Under Development Projects Developed Through Funds Expected to be Completed by 2027G.

Unit type	Number of units					Sellable area (sqm) ⁽¹⁹⁾				
	Year of completion					Year of completion				
	2024G	2025G	2026G	2027G	2028G	2024G	2025G	2026G	2027G	2028G
Residential apartments	740	-	-	-	-	114,554	-	-	-	-
Townhouses	-	144	-	-	-	-	30,589	-	-	-
Villas	18	-	-	-	-	9,029	-	-	-	-
Towers	-	-	120	-	-	-	-	9,525	-	-
Offices	-	-	-	-	-	-	-	15,000	-	-
Mixed-use units	-	-	-	-	-	-	-	130,256	-	-
Total	758	144	120	-	-	123,583	30,589	154,781	-	-

Source: The Company

The following is a summary of important projects that are currently under development through funds and are expected to be completed by the end of 2027G.

1. AlMajdiah 150

AlMajdiah 150 was developed under a fund managed by Jadwa Company, in which AlMajdiah has a 5% ownership interest. It consists of 120 residential apartments on a total land area of approximately 9,100 square meters and is located in Arqah District in Riyadh. The project implementation started in the third quarter of 2023G. As at the date of this Prospectus, the project completion rate reached 98% and it is expected to be completed in the first half of FY2025G.

2. AlMajdiah 151

Project 151 is a large mixed-use project that includes commercial and residential offerings on a plot measuring approximately 110,000 sqm in Narjis District in Riyadh. The land was purchased by AlMajdiah in FY2022G for a total consideration of SAR 326 million and is sold to the Jadwa-managed Narjis Fund, in which AlMajdiah has a 63.53% ownership interest. The Fund then sold the residential plots to third parties in the third and fourth quarters of 2024G and the commercial plots to AlMajdiah Fund, which is fully-owned by the Company. The Company intends to sell the commercial plots with an area of around 34,000 square meters in 2025G.

3. AlMajdiah 161

AlMajdiah 161 is an office tower complex that is being constructed on King Salman road in Qairawan District in Riyadh and is being developed through the AlMajdiah Office Tower Fund managed by Musharaka Real Estate Investment Trust (REIT) Fund. The project is being built on a plot measuring 4,188 sqm and is expected to have a total built up area of 23,448 sqm and sellable area of 9,525 sqm. The project will comprise of 120 contemporary residential units. The project implementation started in the fourth quarter of 2024G. As at the date of this Prospectus, the project implementation rate reached 3% and it is due for completion in first half of FY2027G.

4. AlMajdiah 169 (Sarh)

AlMajdiah 169 (Sarh) is an office development project in Diriyah District in Riyadh. It is being developed through AlMajdiah Investment Fund managed by Jadwa. The project is being built on a large plot measuring 15,000 sqm with a sellable area of 15,000 sqm. Project implementation started in late 2024G. As at the date of this Prospectus, the project implementation rate reached 14% and it is scheduled for completion in first half of 2026G.

¹⁹ Sellable/leasable Area

4.9.3.2.4 Third Party Development Projects

The table below sets out the expected number of units and total sellable area for projects, which are currently being developed under the Third Party Development Projects Model and are expected to be completed by the end of 2027G.

Table 4.41: Third Party Development Projects Expected to be Completed by 2027G

Unit type	Number of units					Sellable area (sqm) ⁽²⁰⁾				
	Year of completion					Year of completion				
	2024G	2025G	2026G	2027G	2028G	2024G	2025G	2026G	2027G	2028G
Residential apartments	-	190	-	-	-	-	42,314	-	-	-
Apartments and townhouses (mixed-use units)	-	-	-	1,421	-	-	-	-	616,958	-
Total	-	190	-	1,421	-	-	42,314	-	616,958	-

Source: The Company

The following is a summary of Third Party development projects that are currently under way and are expected to be completed by the end of 2027G.

1. AlMajdiah 160

AlMajdiah 160 is an apartment complex that comprises 190 apartments being developed for Al Nakheel Golden Real Estate Fund on a plot measuring 17,202 sqm and sellable area of 25,000 sqm. The project is located in Al Farooq District in the Southeast of Riyadh in close proximity to Al Rimal Center, Hayat National Hospital, Souq Al Sharq, and King Abdullah Park. The apartments offer typical AlMajdiah contemporary design and feature smart systems for security, lighting, and air conditioning. The project implementation started early 2024G. As at the date of this Prospectus, the project implementation rate reached 98% and it is expected to be delivered in FY2025G.

2. Mushrif AlMajdiah in Madinahh

The project is being developed for the benefit of Madinah Municipality on a very large plot of land, with a post-development net area of 199,906 sqm. It is planned to include about 400 villas and 1,000 apartments, with a total construction space of 686,600 sqm when completed. The project implementation started in the third quarter of 2024G. As at the date of this Prospectus, the project implementation rate reached 15% and it will be delivered in different phases between 2026G and 2027G. This project translates the diversity for which AlMajdiah is famous in terms of location (outside Riyadh), ownership structure (third-party development projects), and source of land acquisition (Madinah Municipality). AlMajdiah anticipates that the project will be a landmark project in terms of size. Moreover, it is expected to contribute significantly in fee income during the construction and sales and marketing phases.

3. AlMajdiah 164

AlMajdiah 164 is located in As Sulimaniyah District in Riyadh, and consists of 144 townhouses on a land area of approximately 44,984 square meters. The project implementation started in the third quarter of 2024G. As at the date of this Prospectus, the project completion rate reached 50% and it is expected to be completed by the end of 2025G.

²⁰ Sellable area

4.9.4 Employees

As at 30 September 2024G, AlMajdiah had 130 employees, including 84 Saudi employees and 46 non-Saudi employees. The table below sets out the distribution of employees by department.

The Company has entered into employment contracts with all employees and these contracts stipulate the said employees' salaries and bonuses according to their qualifications and experience.

Table 4.42: Distribution of Employees by Department

Department	2021G			2022G			2023G			Nine-Month Period Ended 30 September 2024G		
	Saudi employees	Non-Saudi employees	Total number of employees	Saudi employees	Non-Saudi Employees	Total number of employees	Saudi employees	Non-Saudi employees	Total number of employees	Saudi employees	Non-Saudi employees	Total number of employees
CEO	1	0	1	1	0	1	1	0	1	1	0	1
Executive Vice President	1	0	1	1	0	1	1	0	1	0	0	0
Project Management	8	46	54	5	24	29	6	24	30	6	5	11
Commercial Affairs	21	1	22	36	1	37	36	1	37	44	6	50
Finance	2	14	16	4	7	11	3	6	9	3	10	13
Support Services	2	0	2	11	15	26	12	15	27	20	16	36
Organizational Development	15	17	32	17	6	23	18	6	24	7	0	7
Legal Affairs	2	0	2	2	0	2	2	0	2	2	0	2
Internal Audit	0	0	0	0	0	0	0	1	1	0	1	1
Other	0	0	0	0	0	0	0	0	0	1	8	9
Total	52	78	130	77	53	130	79	53	132	84	46	130

Source: The Company

Table 4.43: Employees by Subsidiary

	2021G	2022G	2023G	Nine-Month Period Ended 30 September 2024G
The Company	100	103	124	122
Mohammed and Khaled AlMajed Real Estate Company	20	10	-	-
Hussam and Majed AlMajed Real Estate Company	10	17	8	8
Total	130	130	132	130

Source: The Company

4.9.5 Saudization Strategy

The Saudization program "Nitaqat" was approved by the resolution of the Minister of Labor No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), based on the Council of Ministers' resolution No. 50 dated 21/5/1415H (corresponding to 27/10/1994G). The "Nitaqat" program was implemented on 12/10/1432H (corresponding to 10/09/2011G), when the Ministry of Human Resources and Social Development began implementing the program to encourage institutions to employ Saudi citizens.

The performance of any company is evaluated through the "Nitaqat" program based on specific categories: the Platinum category and the Green category (which is further divided into sub-categories: Low, Medium, and High), and the Red category. Companies in the Platinum or Green categories are considered to have met Saudization requirements, thus they are entitled to several benefits, such as obtaining and renewing work visas or changing the professions of their non-Saudi employees in other ways (except for professions exclusively reserved for Saudi citizens).

Companies in the Red category (due to non-compliance with specific requirements) are considered to have violated Saudization conditions and may be subject to certain disciplinary actions, such as limiting their ability to renew work visas for non-Saudi employees or a complete ban on non-Saudi employees from obtaining or renewing work visas.

For further information regarding the Company's classification under the "Nitaqat" program, please refer to Section 4.9.4 ("Employees").

4.9.6 Business Activities or Assets outside Saudi Arabia

As at the date of this Prospectus, the Company and its subsidiaries have no commercial activities or assets outside Saudi Arabia.

4.9.7 Research and Development

Due to the nature of the Company's business, it does not have a policy regarding research and development. Company's approach is to remain abreast of the latest technologies, trends and customer preferences in the real estate market. The Company regularly interacts with potential customers to obtain their feedback with respect to their preferences. The Company also has a very strong network of investors, brokers and real estate experts and consultants with whom it conducts meetings and workshops.

4.9.8 Business Disruptions

The Board of Directors acknowledges that during the twelve months preceding the date of this Prospectus, there has been no stoppage or disruption of the Company's business that could affect or have a material impact on the Company's financial position. The Board of Directors also confirms that there is no intention to make any material changes to the nature of the Company's business in the future.

4.9.9 Management and Support Services

The Company operates its business through many different departments which are managed centrally as follows:

4.9.9.1 Project Management

Company's Project Management Department is a cornerstone of its operational framework, playing a pivotal role in ensuring the successful execution of all its development projects. Led by the head of the project management department, this department comprises five units that are responsible for the comprehensive management of each project from conception to completion.

- Design and specification: The units' responsibilities begin with conducting initial feasibility studies for each project, assessing the viability and potential returns based on detailed market and financial analysis. Following approval based on feasibility outcomes, the team moves on to the design phase, working closely with architects and planners to ensure that every aspect of the project aligns with AlMajdiah's standards for quality and innovation, as well as the specific needs and expectations of the target market;
- Project execution: Once designs are finalized, the project management team engages contractors, carefully selecting those who meet AlMajdiah's stringent criteria for quality, reliability, and adherence to timelines. The team supervises all construction activities, ensuring that projects are executed according to plan, within budget, and meet all regulatory requirements;
- Project monitoring and supervision: Throughout the construction phase, the project management team maintains a hands-on approach, overseeing the contractors' work to ensure compliance with design specifications and building standards;
- Delivery: Delivery Unit is responsible for ensuring the timely and efficient handover of properties, managing all aspects of the construction completion and delivery process to meet the high standards and expectations of customers seamlessly;
- Procurement: the main tasks include supplier relations, procurement and logistics, storage and warehouse management

4.9.9.2 Commercial Department

The commercial department comprises sales, marketing and leasing units. The commercial department is integral to the Company's success, playing a multifaceted role that extends beyond traditional sales responsibilities. This dynamic team is crucial in shaping and executing the sales strategies that enhance the Company's revenue and market presence. Core functions and responsibilities of AlMajdiah's Commercial Department:

Sales Unit: The Sales Unit is responsible for the direct selling of AlMajdiah's properties. This team works diligently to close deals, ensuring that all transactions align with the Company's financial targets and customer satisfaction goals. The team also develops and implements sales strategies, handles negotiations, and manages customer relationships through the entire sales process.

Marketing Unit: Working in close alignment with the sales team, the Marketing unit creates compelling marketing campaigns that effectively promote AlMajdiah's properties. Utilizing a mix of traditional and digital marketing strategies, this unit focuses on brand positioning, market research, and customer engagement. Their innovative campaigns are designed to generate interest and drive demand across AlMajdiah's diverse property portfolio.

Leasing/Rental Unit: This unit manages the leasing and rental of AlMajdiah's commercial and residential properties. They are tasked with attracting and retaining tenants, negotiating lease agreements, and ensuring optimal occupancy rates. The leasing team also provides ongoing support to tenants and manages lease renewals, playing a key role in maintaining long-term tenant relationships and steady revenue streams.

Together, these units ensure a cohesive approach to managing AlMajdiah's property offerings. From initial property marketing to final sales or lease agreements, the Commercial Department is dedicated to enhancing the visibility and desirability of the Company's developments, while ensuring alignment with the broader strategic goals of the Company. Their collaborative efforts help secure AlMajdiah's position as a leading real estate developer.

4.9.9.3 Finance

The Finance department plays a critical role in ensuring the Company's financial potential and strategic growth. The department is responsible for managing the Company's finances, including budgeting, forecasting, and financial reporting, as well as overseeing investments and capital structure. The finance team works closely with all departments to align financial management with overall business objectives, ensuring sustainable growth and profitability. Key functions and responsibilities of AlMajdiah's finance department are:

- **Financial Planning and Analysis:** The finance department conducts detailed financial planning and analysis to support decision-making. This includes preparing budgets, forecasting future financial performance, and conducting variance analysis to understand deviations from budgets or forecasts. These activities help the Company in strategic planning and in mitigating risks associated with the real estate market's volatility;
- **Capital Management and Funding:** A core responsibility of the finance department is to manage the Company's capital structure efficiently. This involves determining the optimal mix of debt, equity, and internal financing in order to fund development projects and achieve lower cost of capital. The team actively engages with banks, financial institutions, and investors to secure necessary funding while maintaining healthy debt level that align with AlMajdiah's long term strategy and market conditions;
- **Cash Flow Management:** Effective cash flow management is crucial for AlMajdiah, given the capital-intensive nature of real estate development. The finance department ensures that there is adequate cash flow to meet operational needs and investment commitments. This includes managing receivables, payables, and cash holdings, as well as planning for short-term and long-term liquidity requirements;
- **Financial Reporting and Compliance:** The finance department is responsible for preparing accurate financial reports that comply with regulatory requirements and provide shareholders with a clear view of the Company's financial status. These reports include balance sheets, income statements, and cash flow statements, and are essential for maintaining transparency with investors, regulators, and other stakeholders;
- **Zakat:** The finance department also handles Zakat planning and compliance, ensuring that all Company activities are conducted in accordance with applicable tax laws and regulations. This includes calculating Zakat, VAT and withholding tax liabilities, preparing returns, and developing strategies to optimize the Company's position.

4.9.9.4 Support services

The Operations management department includes support functions such as:

- **Government relations:** This unit manages all government permits and approvals such as building licenses, building completion certificates, transfer of title deeds as well as all other licensing and permits related to AlMajdiah's operations;
- **Administration:** this department's responsibilities include overseeing all of the Company's locations in terms of security, cleanliness and safety.
- **Information technology:** The IT Department caters to the needs of all activities and departments in the Group for IT services, including software and hardware used in various departments and sections of the Group. The Group has recently implemented the "ERP Next" system to manage

information, financial data and control development processes. The tasks of this department include: Technical supervision and control of all IT services provided to the Company and its Subsidiaries, provision of ongoing IT support to the Company and its Subsidiaries, ensure timely and continuous availability of information system data, ensure data and network protection, ensure compliance with the terms and conditions of software licenses throughout the Group;

4.9.9.5 Customer Services

- **Customer service and customer experience:** The Customer Service Department is dedicated to ensuring a superior customer experience throughout the entire lifecycle of property ownership. This department serves as the primary contact point for all customer inquiries, concerns, and support needs, effectively addressing issues from initial consultations to post-purchase queries. Staffed by trained professionals, the team is committed to providing timely and effective solutions, enhancing customer satisfaction, and fostering long-term relationships. Their role is crucial in upholding AlMajdiah's reputation for excellence in customer care and support, contributing significantly to the Company's overall success.
- **Community management:** Community Management Department plays a pivotal role in enhancing the living experience within AlMajdiah's residential developments. This department is responsible for managing the communal aspects of AlMajdiah's properties, ensuring that all shared facilities and residential services function seamlessly. Their tasks include organizing community events, overseeing maintenance of common areas, and ensuring that residents' needs and concerns are promptly addressed. By fostering a vibrant and cohesive community atmosphere, AlMajdiah's Community Management Department not only improves the quality of life for residents but also helps in maintaining high property values and enhancing resident satisfaction;
- **Facility Management:** which oversees the maintenance and upkeep of AlMajdiah's completed projects. This is usually for 1 year after project handover although the Company is now also testing longer term management of its completed projects to ensure long term sustainability of its developments.

4.9.9.6 Legal Affairs

Preparing contracts and agreements, representing the Company before judicial bodies and filing and pursuing lawsuits against other parties, advising on the interpretation of applicable laws and regulations, understanding and monitoring changes in laws, regulations, circulars and directives that are relevant to the Company's business, supervising the holding of the General Assembly meetings and liaising with the relevant Government authorities, preparing and drafting the Board's annual report and addressing conflict of interest situations, managing the Company's relationship with regulators and Shareholders, reviewing legal, constitutional and contractual documents, and providing legal advice to the Board of Directors and the Executive Management in connection with the legal affairs of the Company.

4.9.9.7 Organizational Transformation

- **Human Resources:** Developing and preparing job descriptions, recruitment policies and procedures, attracting qualified talent to meet the Company's recruitment needs, preparing and implementing an induction training plan for newly hired employees, providing guidance and reviewing and developing employee performance, ensuring compliance with the requirements of the Labor Law, Social Security Law and other relevant laws and regulations, monitoring employees affairs and resolving the difficulties and problems they may face, supporting employee welfare by organizing social activities and providing medical insurance and other related services;
- **PMO:** The Project Management Office (PMO) is a central unit overseeing all project management functions across the Company. It also standardizes project-related governance processes and facilitates the sharing of resources, methodologies, tools, and techniques. The PMO ensures consistent project delivery that aligns with organizational goals and strategies, enhancing efficiency and effectiveness in handling AlMajdiah's diverse portfolio of development projects.
- **Quality Management:** Overseeing the uniform application of building standards and ensuring compliance across all projects, designs, building codes, and the Company's internal standards.
- **Digital Transformation:** The Digital Transformation Department is at the forefront of integrating advanced digital technologies into the operations and services undertaken by the Company. This department is tasked with optimizing business processes, enhancing customer engagement through digital channels, and implementing innovative tech solutions that drive efficiency and competitiveness. Their efforts are pivotal in ensuring that AlMajdiah remains at the forefront of the rapidly evolving real estate market, embracing modernization to meet the future needs of their business and clients.

4.9.9.8 Internal Audit

AlMajdiah Real Estate Development Company's Internal Audit Department plays a critical role in governance and in ensuring operational integrity and compliance through rigorous oversight. Its roles and responsibilities include:

- **Risk Assessment:** The department conducts regular assessments to identify and evaluate risks that might impact the organization, ensuring that audit resources are prioritized and allocated effectively.
- **Audit Planning and Execution:** Based on risk assessments, the department develops and implements a comprehensive annual audit plan that targets critical areas across the Company.
- **Control Evaluation:** It evaluates the effectiveness and adequacy of internal controls established by the Company to manage risks, safeguard assets, and ensure the reliability of financial and operational information.
- **Compliance Checks:** The department routinely checks for compliance with relevant laws, regulations, and internal policies, helping AlMajdiah adhere to legal and ethical standards.
- **Reporting:** Post-audit, it prepares and presents detailed reports summarizing findings, implications, and recommendations to senior management and the board's audit committee.
- **Follow-Up:** It monitors and verifies the implementation of audit recommendations to ensure that corrective actions are taken and that they effectively address the identified issues.

5. Organizational Structure and Corporate Governance

The organizational structure of the Company consists of the Board of Directors (“**Board of Directors**” or “**Board**”) and the Company’s committees, namely the Audit Committee; the Nomination and Remuneration Committee; and the Executive Committee. The Board is ultimately responsible for directing, supervising and general oversight of the Company and its Executives Management team.

The following chart sets out the organizational structure of the Company as at the date of this Prospectus.

Figure 5.1: The Company Organizational Structure

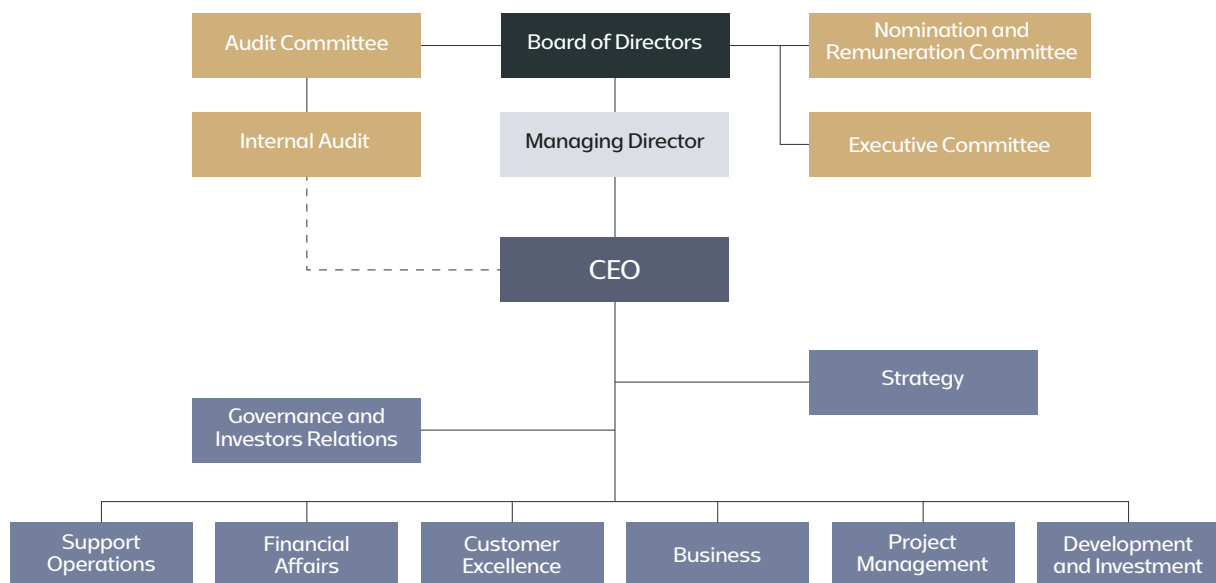


Table 5.1: Direct Ownership in the Company Pre and Post Offering

Shareholder	Pre-Offering						Post-Offering					
	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage	Par Value (SAR)	Indirect Shareholding	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage	Par Value (SAR)	Indirect Shareholding
Dar AlMajed Holding Company	173,250,000	173,250,000	57.75%	-	-	-	121,275,000	121,275,000	40.43%	-	-	-
Rufaid Modern Investment Company	22,500,000	22,500,000	7.5%	-	-	-	15,750,000	15,750,000	5.25%	-	-	-
AWJ Real Estate Development and Investment Company	22,500,000	22,500,000	7.5%	-	-	-	15,750,000	15,750,000	5.25%	-	-	-
AlMajd AlAwla Real Estate Company	14,850,000	14,850,000	4.95%	-	-	-	10,395,000	10,395,000	3.47%	-	-	-
Khaled Abdulrahman AlMajed	11,880,000	11,880,000	3.96%	10.60% ⁽²¹⁾	31,807,875	31,807,875	8,316,000	8,316,000	2.77%	7.42%	22,265,512	22,265,512
Mohammed Abdulrahman AlMajed	11,880,000	11,880,000	3.96%	10.60% ⁽²²⁾	31,807,875	31,807,875	8,316,000	8,316,000	2.77%	7.42%	22,265,513	22,265,513
Nasser Abdulrahman Nasser AlMajed	8,910,000	8,910,000	2.97%	10.36% ⁽²³⁾	31,065,375	31,065,375	6,237,000	6,237,000	2.08%	7.25%	21,745,763	21,745,763
Abdulsalam Abdulrahman AlMajed	8,910,000	8,910,000	2.97%	10.36% ⁽²⁴⁾	31,065,375	31,065,375	6,237,000	6,237,000	2.08%	7.25%	21,745,763	21,745,763
Hussam Abdulrahman AlMajed	8,910,000	8,910,000	2.97%	10.36% ⁽²⁵⁾	31,065,375	31,065,375	6,237,000	6,237,000	2.08%	7.25%	21,745,763	21,745,763
Majed Abdulrahman AlMajed	8,910,000	8,910,000	2.97%	10.36% ⁽²⁶⁾	31,065,375	31,065,375	6,237,000	6,237,000	2.08%	7.25%	21,745,762	21,745,762
Abdullah Abdulrahman Nasser AlMajed	4,500,000	4,500,000	1.5%	0.07% ⁽²⁷⁾	222,750	222,750	3,150,000	3,150,000	1.05%	0.05%	155,925	155,925
Nader bin Hassan AlAmri	3,000,000	3,000,000	1%	-	-	-	2,100,000	2,100,000	0.70%	-	-	-
Public	-	-	-	-	-	-	90,000,000	90,000,000	30%	-	-	-
Total	300,000,000	300,000,000	100%	62.70%	188,100,000	188,100,000	300,000,000	300,000,000	100%	43.89%	131,670,001	131,670,001

Source: The Company

* Note that the post-offering indirect ownership percentage has been rounded.

²¹ Mr. Khaled Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.60% pre-Offering, as a result of an ownership percentage of 16.67% and 19.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

²² Mr. Mohammed bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.60% pre-Offering, as a result of an ownership percentage of 16.67% and 19.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

²³ Mr. Nasser bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

²⁴ Mr. Abdulsalam bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

²⁵ Mr. Hussam bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

²⁶ Mr. Majed bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

²⁷ Mr. Abdullah bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 0.07% pre-Offering, as a result of an ownership percentage of 150% AlMajd AlAwla Real Estate Company, which in turn owns 4.95% of the Issuer's Shares pre-Offering.

5.1 Board Members and Secretary

5.1.1 Composition of the Board of Directors

Under the Bylaws, the Board of Directors shall be comprised of nine (9) Directors appointed by the Ordinary General Assembly. The Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Company's Corporate Governance Manual determine the duties and responsibilities of the Board of Directors. The term of the Board of Directors, including the Chairman, is for a maximum period of four (4) years. As an exception thereto, the first Board of Directors after the conversion of the Company into a closed joint stock company was appointed for a period of three (3) years.

The Partners appointed the Company's Board of Directors on 22/08/1444H (corresponding to 13/04/2023G). Accordingly, the term of this Board shall start on 13/04/2023G and shall end on 13/04/2026G.

As at the date of this Prospectus, the Board of Directors consists of nine (9) members.

The following table sets out the names of the Directors and other related information as at the date of this Prospectus.

Table 5.2: Members of the Company's Board of Directors

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Of-fering	Post-Of-fering	Pre-Of-fering	Post-Of-fering
1	Khaled bin Abdulrahman bin Nasser AlMajed	Chairman of the Board	Saudi	Non-Executive	22/08/1444H (corresponding to 13/04/2023G)	3.96%	2.77%	10.60% ⁽²⁸⁾	7.42%
2	Majed bin Abdulrahman bin Nasser AlMajed	Vice Chairman of the Board	Saudi	Non-Executive	22/08/1444H (corresponding to 13/04/2023G)	2.97%	2.08%	10.36% ⁽²⁹⁾	7.25%
3	Nasser bin Abdulrahman bin Nasser AlMajed	Member of the Board	Saudi	Non-Executive	06/03/1446H (corresponding to 09/09/2024G)	2.97%	2.08%	10.36% ⁽³⁰⁾	7.25%
4	Abdulsalam bin Abdulrahman bin Nasser AlMajed	Managing Director	Saudi	Executive	05/01/1444H (corresponding to 11/07/2024G)	2.97%	2.08%	10.36% ⁽³¹⁾	7.25%
5	Ziad bin Mohammed Makki AlTounisi	Member of the Board	Saudi	Non-Executive	22/08/1444H (corresponding to 13/04/2023G)	-	-	-	-
6	Abdulaziz bin Mohammed bin Abdulaziz AlMousa	Member of the Board	Saudi	Non-Executive	05/01/1444H (corresponding to 11/07/2024G)	-	-	-	-
7	Mohammed bin Mahmoud bin Issa Abu Diab	Member of the Board	Jordanian	Independent	22/08/1444H (corresponding to 13/04/2023G)	-	-	-	-
8	Abdulrahman bin Mohammed bin Abdulaziz AlBarrak	Member of the Board	Saudi	Independent	22/08/1444H (corresponding to 13/04/2023G)	-	-	-	-
9	Ali bin Abdulrahman bin Othman AlGhamdi	Member of the Board	Saudi	Independent	22/08/1444H (corresponding to 13/04/2023G)	-	-	-	-

Source: The Company

The current Secretary of the Company's Board of Directors is Ahmed bin Saad bin Moqad.

5.1.2 Responsibilities of the Board of Directors

The responsibilities of the Board of Directors and Secretary of the Board of Directors include the following:

5.1.2.1 Board of Directors

Mr. Khaled bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.60% pre-Offering, as a result of an ownership percentage of 16.67% and 19.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

Mr. Nasser bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

Mr. Nasser bin Abdulrahman bin Nasser AlMajed has an indirect ownership percentage of 10.36% pre-Offering, as a result of an ownership percentage of 16.67% and 14.75% in Dar AlMajed Holding Company and AlMajd AlAwla Real Estate Company, which in turn owns 57.75% and 4.95% of the Issuer's Shares pre-Offering, respectively.

In accordance with the Bylaws and the Company's Corporate Governance Manual, the Board of Directors is vested with the fullest powers to manage the Company, and day-to-day decisions, with due consideration to the powers reserved for the General Assembly. The Board of Directors shall have the broadest powers to manage the Company to

achieve its objectives, except for the works or actions that are specifically excluded and reserved for the General Assembly by virtue of a provision in the Law or the Company's Bylaws.

The Board of Directors shall more specifically have the following responsibilities:

- Approving the strategic orientation and main objectives of the Company; supervising their implementation and reviewing them periodically; including:
 - Setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management and review and guide them.
 - Approving the annual business plan and budgets for revenue, operating and capital expenditures and financial strategy that supports the achievement of the Company's strategy and plan.
 - Determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving annual budgets.
 - Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.
 - Setting performance indicators and monitoring the implementation thereof and the overall performance of the Company.
 - Reviewing and approving the regulatory and organizational structures of the Company on a periodic basis.
 - Ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.
- Setting rules and procedures for internal control and generally overseeing them, including:
 - Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties.
 - Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports.
 - Approving the financial statements of the Company and ensuring their accuracy before submitting them to the Shareholders.
 - Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter, disclosing such risks transparently and defining the best ways to manage them.
 - Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
 - Setting the Company's governance system, overseeing it, controlling its effectiveness, and amending it as needed.
 - Setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of the Corporate Governance Regulations and implementing them following approval by the General Assembly.
 - Developing a written policy that regulates the relationship with Stakeholders to protect them and preserve their rights pursuant to the provisions of the Corporate Governance Regulations.
 - Setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to shareholders and Stakeholders, and ensuring the compliance of the Management with these policies and procedures.
 - Supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties.

- Notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest; the notification shall include the information provided by the member of the Board as per paragraph (14) of Article 28 of the Corporate Governance Regulations, and shall be accompanied by a special report of the Company's external auditor.
- Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
 - Increasing or decreasing the share capital of the Company.
 - Dissolving the Company before the end of its term as specified in its Bylaws or deciding the continuity of the Company.
- Providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
 - Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly but not been allocated to a specific purpose by virtue of the Company's Bylaws.
 - Forming additional financial allocations or reserves for the Company.
 - The method of distributing the net profits of the Company.
 - Preparing the Company's interim and annual financial statements and approving them before publishing them.
 - Preparing the Board report and approving it before publishing it.
 - Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency.
 - Developing effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments.
 - Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members.
 - Specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares.
 - Setting the values and standards that govern the work at the Company.
 - Investigating any issues raised thereto.

5.1.2.2 Chairman of the Board of Directors

The responsibilities of the Chairman of the Board of Directors revolve around leading the Board and facilitating constructive contributions and initiatives by all Board members to ensure that the Board is effective in performing its functions as a whole through the exercise of its duties and responsibilities.

In accordance with the Bylaws, the Chairman is granted extensive powers of representation before various governmental authorities. Under the Corporate Governance Regulations, the Chairman's main responsibilities include:

- Ensuring that the Board members obtain complete, clear, accurate and non-misleading information in due course.
- Ensuring that the Board effectively discusses all fundamental issues in due course.
- Presiding at the meetings of the General Assembly or delegating one of the members for this purpose.
- Ratifying the Board's resolutions and powers or delegating others with these powers.
- Preparing agendas at the Board meetings at the beginning of the year, taking into consideration any matters to be discussed during the year. The Board members shall also have the right to request that certain topics be included in the Board's agenda.
- Calling for the Board meetings and presiding at such meetings or delegating a Board member for this purpose.
- Enabling all the Board members to fully participate in the Board's actions and activities and ensuring teamwork.
- Ensuring that the Board has sufficient support and providing it with necessary information to help it make effective and sound decisions.

- Ensuring compliance with all laws, regulations and circulars issued by the government authorities and conformity with laws and agreements to ensure validity and effectiveness of the Board's meetings and resolutions.
- Representing the Company before third parties in accordance with the Companies Law, its Implementing Regulations and the Bylaws.
- Constantly developing the Board to ensure that matters are managed based on high values and ethics and contribute to sound decisions which could preserve the right of shareholders and ensure transparency and accountability.
- Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.
- Encouraging constructive relationships and effective participation between the Board and the Senior Executive, Non-Executive and Independent Members, and creating a culture that encourages constructive criticism.
- Ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board.

5.1.2.3 Duties of the Independent Member

Subject to the duties of the members of the Board of Directors mentioned in the Company's Corporate Governance Manual, the independent member of the Board of Directors shall actively participate in the performance of the following tasks:

- Expressing an independent opinion on strategic issues, the Company's policies and performance, and the appointment of members of the executive management.
- Verifying that the interests of the Company and its shareholders are taken into account and flagging any conflict of interest that occurs.
- Supervising the development of the Company's corporate governance rules, and monitoring the implementation thereof by the executive management.

5.1.2.4 Secretary of the Board

The Secretary of the Board of Directors shall be responsible for organizing the meetings of the Board. In addition to the other duties assigned by the Board of Directors to the Secretary, and under the Company's Corporate Governance Manual, the main responsibilities of the Secretary of the Board of Directors include the following:

- Supervising the procedures for holding meetings.
- Ensuring that the meetings are quorate as per the applicable laws during the course of Board activities.
- Ensuring the implementation of the legal procedures relating to holding and conducting meetings, especially with regard to voting and issuing resolutions.
- Ensuring that equality and transparency are exercised with all Board Members with regard to obtaining information.
- Following up the implementation of the Board's resolutions.
- Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meetings commenced and concluded; recording the resolutions of the Board and voting results and retaining them in a special and organized register, and including the names of the attendees and any reservations they expressed (if any); and getting such minutes signed by all of the attending members and the Secretary.
- Retaining the reports submitted to the Board and the reports prepared thereby.
- Providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board member.
- Notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting.
- Presenting the draft minutes to the Board members to provide their opinions before signing the same.
- Ensuring that the Board members receive, fully and promptly, a copy the minutes of the Board's meetings as well as the information and documents related to the Company.
- Coordinating among the Board members.
- Regulating and periodically updating the disclosure register of the Board and Executive Management as per disclosures required under Article (89) of the Companies Law.
- Providing assistance and advice to the Board members.

5.1.2.5 Chief Executive Officer

The Chief Executive Officer shall perform the duties assigned thereto diligently and properly, in the interest of the Company and all Shareholders, rather than for a group thereof. The Chief Executive Officer and the Senior Executives shall not engage in any business that may lead to any conflict of interest with the Company. In the event that such conflict of interest occurs, the Chief Executive Officer and the Senior Executives shall disclose such conflict to the Board, as per the policies adopted by the Company in this regard.

5.1.3 Biographies of the Members and Secretary of the Board

Overview of the experiences, qualifications, and current and previous positions of each member of the Board of Directors and the Secretary of the Board.

5.1.3.1 Khaled bin Abdulrahman bin Nasser AlMajed

Name:	Khaled bin Abdulrahman bin Nasser AlMajed
Age:	49 years
Nationality:	Saudi
Current Position:	Chairman of the Board
Appointment Date:	13/04/2023G
Academic Qualifications:	Bachelor's degree in the Arabic Language, from Imam Mohammad Ibn Saud Islamic University (IMSIU), KSA, in 1998G.
Current Executive Positions:	- Founder, Dar AlMajed Holding, a limited liability company engaging in the field of real estate development sector in the Kingdom of Saudi Arabia, since 2021G. - Founder, Dar AlMajed Investment Company, a limited liability company engaging in the field of investment in the Kingdom of Saudi Arabia, since 2021G. - Founder, Mohammed and Khaled AlMajed Real Estate Company, a limited liability company engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 1999G. - Vice-Chairman, of the Sustainability Committee, the Charitable Center for the Memorization of the Holy Quran in the Kingdom of Saudi Arabia, since 2020G. - Chairman, of the Investment Committee, Charity Association in Thadiq governorate in the Kingdom of Saudi Arabia, since 2023G.
Previous Executive Positions:	- General Manager, Mohammed and Khaled AlMajed Real Estate Company, a limited liability company engaging in the field of real estate activities in owned or leased properties in the Kingdom of Saudi Arabia, from 1999G to 2023G.
Other Current Memberships:	- Board Member, Blom Real Estate Investment Fund, a closed real estate investment fund engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2022G. - Board Member, AlMajdiah Investment Fund (Jadwa), a private closed real estate investment fund engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2022G. - Board Member, Dar AlMajed Holding Company, a limited liability company engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2022G. - Board Member, AlMajdiah Holding Company Limited, a limited liability company engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2019G. - Board Member, KMK Holding Company, a limited liability company engaging in the field of real estate development in the United Kingdom, since 2018G. - Board Member, KMK Development Company, a limited liability company, engaging in the field of real estate development in the United Kingdom, since 2018G. - Member of the Investment Committee, Wareef Charity Foundation, a charitable foundation engaging in the field of providing support and assistance to people in need in the Kingdom of Saudi Arabia, since 2022G. - Board Member, The Charitable Center for the Memorization of the Holy Quran, a non-profit private association, engaging in the field of education of the Holy Quran and sharia sciences in the Kingdom of Saudi Arabia, since 2023G. - Member, Charity Association in Thadiq governorate, a non-profit association, engaging in the field of providing charitable assistance in the Kingdom of Saudi Arabia, since 2023G. - Board Member, The Arabic Language Association, a non-profit association engaging in the field of Arabic language development in the Kingdom of Saudi Arabia, since 2023G.
Other Previous Memberships:	N/A

Source: The Company

5.1.3.2 Ziad bin Mohammed Makki Saleh AlTounisi

Name:	Ziad bin Mohammed Makki Saleh AlTounisi
Age:	56 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	13/04/2023G
Academic Qualifications:	- Master's degree in Securities, Investment and International Banking Issues from the University of Reading, UK, in 1996G. - Bachelor's degree in Business Administration from King Saud University, KSA, in 1991G.
Current Executive Positions:	Chief Operating Officer, AlFaisaliah Group, a closed joint stock company, engaging in several fields, including agriculture and food and beverages in the Kingdom of Saudi Arabia, since 2018G.
Previous Executive Positions:	Vice-Chairman, AlFaisaliah Group, a closed joint stock company, engaging in several fields, including agriculture and food in the Kingdom of Saudi Arabia, since 2008G.
Other Current Memberships:	- Chairman, Extensya Cayman Holdings Limited Company, a joint stock company, engaging in the field of medical materials, in the Cayman Islands, since 2014G. - Chairman, Philips Company, a closed joint stock company, engaging in the field of healthcare, in the Kingdom of Saudi Arabia, since 2016G. - Chairman, Nuwa Capital Company, a joint stock company, engaging in the field of investment, in the United Arab Emirates, since 2020G. - Chairman, AlSafi Danone Company, a closed joint stock company, engaging in the field of food and beverage, in the Kingdom of Saudi Arabia, since 2009G. - Chairman, Arabian International Healthcare Holding Company, a closed joint stock company, engaging in the field of healthcare, in the Kingdom of Saudi Arabia, since 2021G. - Board Member, The Saudi Pioneer Investors Company, a joint stock company, engaging in the field of investment, in the United Arab Emirates, since 2021G. - Board Member, Alfa Company, a closed joint stock company, engaging in the field of food catering in the Kingdom of Saudi Arabia, since 2015G. - Board Member, Saudi National Bank, a listed joint stock company, engaging in the field of banking, in the Kingdom of Saudi Arabia, since 2018G. - Board Member, Lafana Company, a closed joint stock company, engaging in the field of investment, in the Kingdom of Saudi Arabia, since 2015G. - Board Member, AWJ Holding Company (AHC), a limited liability company, engaging in the field of real estate, in the Kingdom of Saudi Arabia, since 2019G. - Board Member, Raqamyah Holding Company, a limited liability company, engaging in the field of IT services, in the Kingdom of Saudi Arabia, since 2018G. - Board Member, Tamkeen Human Resource Company (THR), a closed joint stock company, engaging in the field of human resources in the Kingdom of Saudi Arabia, since 2022G.
Other Previous Memberships:	- Board Member, Samba Capital, a listed joint stock company, engaging in the field of banking in the Kingdom of Saudi Arabia, from 2011G to 2018G. - Board Member, Solidere International Company, a limited liability company, engaging in the field of real estate consulting in Lebanon, from 2007G to 2018G. - Board Member, Sackville Capital Company, a limited liability company, engaging in the field of investment in the UK, from 2020G to 2023G. - Board Member, Knowledge Economic City Company, a joint stock company, engaging in the field of real estate management and development, in the Kingdom of Saudi Arabia, from 2018G to 2024G.

Source: The Company

5.1.3.3 Majed Abdulrahman Nasser AlMajed

Name:	Majed Abdulrahman Nasser AlMajed
Age:	42 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	13/04/2023G
Academic Qualifications:	- Bachelor's degree in Arabic language from King Saud University, KSA, in 2005G. - Master's degree in marketing from the University of Wolverhampton, UK, in 2015G.
Current Executive Positions:	Head of the External Investment Department, AlMajdiah Investment Company in the Kingdom of Saudi Arabia, a limited liability company engaging in the field of non-investments, since 2022G.
Previous Executive Positions:	N/A
Other Current Memberships:	- Chairman of the Sales and Marketing Committee of the Company, since 2022G. - Vice-Chairman, AlMajdiah Holding Company, a limited liability company engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2022G. - Founding Partner, Hussam and Majed AlMajed Real Estate Company, a limited liability company engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2013G. - Board Member, AlMajdiah Investment Fund, a closed real estate fund in the Kingdom of Saudi Arabia, since 2022G.
Other Previous Memberships:	N/A

Source: The Company

5.1.3.4 Mohammed Mahmoud Issa Abu Diab

Name:	Mohammed Mahmoud Issa Abu Diab
Age:	42 years
Nationality:	Jordanian
Current Position:	Board Member
Appointment Date:	13/04/2023G
Academic Qualifications:	- Master's degree in Business Administration from London Business School (LBS), UK, in 2021G. - Bachelor's degree in Accounting from the University of Jordan, Hashemite Kingdom of Jordan, in 2006G. - Certificate of Certified Internal Auditor (CIA) from the Institute of Internal Auditors (IIA), USA, in 2021G. - Certificate of Certified Fraud Examiner (CFE) from the Information Systems Audit and Control Association (ISACA), USA, in 2017G. - Certificate of Certified Information Systems Auditor (CISA) from the Association of Certified Fraud Examiners (ACFE), USA, in 2021G. - Certificate of a Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors (IIA), USA, in 2020G. - Certificate of a Certification in Control Self-Assessment (CCSA) from the Institute of Internal Auditors (IIA), USA, in 2020G. - Certificate of Certificate in International Financial Reporting (Cert IFR) from the Association of Chartered Certified Accountants (ACCA), UK, in 2010G. - Certificate of International Introduction to Securities and Investment - (international curriculum) (CME-1A) from the Saudi Capital Market Authority (CMA), in 2022G. - Certificate of Saudi Capital Market Rules and Regulations - (General Chapter) (CME-1B) from the Saudi Capital Market Authority (CMA), in 2022G. - Certificate of Saudi Capital Market Rules and Regulations (Compliance and Anti-Money Laundering) - (CME-2B) from the Saudi Capital Market Authority (CMA), in 2023G. - Certificate of Saudi Capital Market Rules and Regulations (Brokers) - (CME-3B) from the Saudi Capital Market Authority (CMA), in 2023G. - Certificate of Disclosure "IFSAH" from Saudi Tadawul Company, in 2023G.
Current Executive Positions:	- CEO of Internal Audit, Arabian Agricultural Services Company (ARASCO) in the Kingdom of Saudi Arabia, a closed joint stock company engaging in the field of food supply and food security, since 2017G. - Founding Partner, Bayt Plus for Research and Development Company, a limited liability company engaging in the field of management consulting, since 2023G.
Previous Executive Positions:	- CEO of Internal Audit, Bawan Company in the Kingdom of Saudi Arabia, a public joint stock company engaging in the industrial field, from 2014G to 2017G. - Internal Audit Supervisor, Bawan Company in the Kingdom of Saudi Arabia, a public joint stock company engaging in the industrial field, from 2010G to 2014G. - Chief External Auditor, Talal Abu-Ghazaleh & Co. International Group - Chartered Accountants in the Kingdom of Saudi Arabia, a limited liability company engaging in the field of external audit services, training, intellectual property, financial and management consulting, from 2008G to 2010G. - Senior External Auditor, Ghosheh & Partners Nexia International Company, Chartered Accountants in the Hashemite Kingdom of Jordan, a solidarity company engaging in the field of external audit services and financial and management consulting, from 2006G to 2008G.
Other Current Memberships:	- Member of the Audit Committee, Akai Company in the Kingdom of Saudi Arabia, a closed joint stock company engaging in the field of agricultural investment, since 2024G. - Member of the Audit Committee of the Company, since 2023G.
Other Previous Memberships:	N/A

Source: The Company

5.1.3.5 Abdulrahman Mohammed Abdulaziz AlBarrak

Name:	Abdulrahman Mohammed Abdulaziz AlBarrak
Age:	48 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	13/04/2023G
Academic Qualifications:	- PhD in Finance from the University of Newcastle, UK, in 2005G. - Master's degree in Finance from the University of Colorado, USA, in 2001G. - Bachelor's degree in Accounting from King Faisal University, KSA, in 1997G.
Current Executive Positions:	President and CEO, Tharaa Investment Company, a limited liability company, engaging in the field of management consulting in the Kingdom of Saudi Arabia, since 2017G.
Previous Executive Positions:	N/A
Other Current Memberships:	- Board Member, Health Holding Company, a closed Saudi joint stock company fully owned by the state, engaging in the field of health, since 2019G. - Chairman of the Nomination and Remuneration Committee, Health Holding Company, a closed Saudi joint stock company fully owned by the state, engaging in the field of health, since 2019G. - Board Member, Al Andalus Real Estate Company, a listed Saudi joint stock company, engaging in the field of real estate management and development, since 2017G. - Board Member, Bin Dawood Holding Company, a listed Saudi joint stock company, engaging in the field of food retail, since 2020G. - Chairman of the Audit Committee, Bin Dawood Holding Company, a listed Saudi joint stock company, engaging in the field of food retail, since 2020G. - Board Member, Saudi Credit Bureau (Simah), a closed Saudi joint stock company, engaging in the field of credit information, since 2020G. - Chairman of the Audit Committee, Saudi Credit Bureau (Simah), a closed Saudi joint stock company, engaging in the field of credit information, since 2020G. - Chairman, Thiqah Business Services Company, a limited liability company, engaging in the field of digital solutions and business services, since 2021G. - Chairman of the Executive Committee and Investment, Thiqah Business Services Company, a limited liability company, engaging in the field of digital solutions and business services, since 2021G. - Chairman, Simplified Financial Solutions Company (SiFi), a closed joint stock company, engaging in the field of IT, since 2023G. - Chairman of the Audit Committee, Al Watania for Industries, a closed joint stock company, engaging in the industrial field, since 2024G. - Board Member, Al Watania for Industries, a closed joint stock company, engaging in the industrial field, since 2024G. - Chairman of the Audit and Risk Committee, Badael Company, a closed joint stock company, engaging in the field of IT, since 2022G. - Chairman of the Audit Committee, Saudi Company for Artificial Intelligence, a closed joint stock company, engaging in the field of IT, since 2024G. - Chairman of the Audit Committee, Al-Elm Information Security Company, a listed joint stock company, engaging in the field of IT, since 2019G. - Member of the Audit Committee, Saudi National Bank, a listed joint stock company, engaging in the field of banking, since 2019G. - Chairman, Qarar Consultancy Company, a limited liability company, engaging in the field of IT, since 2021G. - Board Member, Transport General Authority, a government body overseeing rail, sea and land transport in the Kingdom of Saudi Arabia, since 2021G.

Other Previous Memberships:	- Chairman, The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (Medgulf), a listed Saudi joint stock company, engaging in the field of insurance, from 2018G to 2019G. - Chairman, Leejam Sports Company, a listed Saudi joint stock company, engaging in the field of consumer services, from 2018G to 2019G. - Vice-Chairman, Capital Market Authority, a government body overseeing the regulation and development of the financial market in the Kingdom of Saudi Arabia, from 2017G to 2017G. - Board Member, Capital Market Authority, a government body overseeing the regulation and development of the financial market in the Kingdom of Saudi Arabia, from 2009G to 2017G. - Board Member, Saudi Organization for Certified Public Accountants (SOCPA), a professional government body overseeing the accounting profession in the Kingdom of Saudi Arabia, from 2013G to 2017G. - Board Member, Al Watania Poultry Company, a closed joint stock company, engaging in the field of poultry farming, from 2021G to 2024G. - Board Member, Gulf Telecom Company, a closed joint stock company, engaging in the field of telecommunications and technology, from 2021G to 2024G. - Chairman of the Audit Committee, Al Andalus Real Estate Company, a listed joint stock company, engaging in the field of real estate, from 2017G to 2024G. - Board Member, Al Andalus Real Estate Company, a listed joint stock company, engaging in the field of real estate, from 2017G to 2024G. - Chairman of the Audit Committee, Health Water Bottling Company (Nova), a closed joint stock company, engaging in the field of food, from 2022G to 2024G. - Chairman of the Audit Committee, Saudia Cargo Company, a closed joint stock company, engaging in the field of shipping, from 2018G to 2023G. - Chairman of the Audit Committee, SAL Saudi Logistics Services Company, a listed joint stock company, engaging in the field of shipping and logistics, from 2019G to 2023G.

Source: The Company

5.1.3.6 Ali Abdulrahman Othman AlGhamdi

Name:	Ali Abdulrahman Othman AlGhamdi
Age:	41 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	13/04/2023G
Academic Qualifications:	- Executive master's degree in Business Administration from IE Business School in the Kingdom of Spain, in 2021G. - Bachelor's degree in Business Administration from the Arab Open University, KSA, in 2012G.
Current Executive Positions:	CEO of Human Resources, Arabian Agricultural Services Company (ARASCO), in the Kingdom of Saudi Arabia, a closed joint stock company engaging in the field of food supply and food security, since 2020G.
Previous Executive Positions:	- Executive Director of Corporate and Governance Affairs, Arabian Agricultural Services Company (ARASCO) in the Kingdom of Saudi Arabia, a closed joint stock company engaging in the field of food supply and food security, from 2020G to 2021G. - Senior Director of the Human Resources Business Partner, Saudi Basic Industries Corporation (SABIC) in the Kingdom of Saudi Arabia, a public joint stock company engaging in the field of petrochemical, from 2017G to 2020G. - Senior Director for Workforce Development and Continuous Improvement, Saudi Kayan Company in the Kingdom of Saudi Arabia, a listed joint stock company engaging in the field of transformative industries and petrochemicals, from 2018G to 2020G. - Executive Management Representative before the Nomination and Remuneration Committee, Saudi Kayan Company in the Kingdom of Saudi Arabia, a listed joint stock company engaging in the field of transformative industries and petrochemicals, from 2017G to 2020G. - Executive Management Representative before the Nomination and Remuneration Committee, Saudi Arabian Fertilizer Company (SAFCO) in the Kingdom of Saudi Arabia, a listed joint stock company engaging in the field of transformation and fertilizer industries, from 2015G to February 2017G.
Other Current Memberships:	- Member of the Institute of Board Members, Gulf Cooperation Council Countries (Vianello Academy) in the Kingdom of Saudi Arabia, a limited liability company engaging in the field of development and improvement of boards of directors, since 2021G. - Chairman of the Nomination and Remuneration Committee of the Company, since 2022G. - Independent Member of the Nomination and Remuneration Committee, SMASCO Company in the Kingdom of Saudi Arabia, a closed joint stock company engaging in the field of providing manpower, since 2023G. - Member of the Society for Human Resources Management, professional society of human resources membership in the USA, a closed joint stock company engaging in the field of human development and improvement and organizations, since 2014G. - Executive Member of the Compliance and Governance Committee, Arabian Agricultural Services Company (ARASCO) in the Kingdom of Saudi Arabia, a closed joint stock company engaging in the field of food supply and food security, since 2022G. - Independent Member of the Nomination and Remuneration Committee, Arabi Agricultural and Industrial Investment Company in the Kingdom of Saudi Arabia, a closed joint stock company engaging in the field of food, since 2023G.
Other Previous Memberships:	- Executive Representative Member of the Nomination and Remuneration Committee, Saudi Kayan Company in the Kingdom of Saudi Arabia, a listed joint stock company engaging in the field of transformative industries and petrochemicals, from 2018G to 2020G. - Member of the Executive Representative of the Nomination and Remuneration Committee, Saudi Arabian Fertilizer Company (SAFCO), a listed joint stock company engaging in the field of transformation and fertilizer industries, from 2015G to 2017G.

Source: The Company

5.1.3.7 Abdulaziz Mohammed Abdulaziz AlMousa

Name:	Abdulaziz Mohammed Abdulaziz AlMousa
Age:	37 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	11/07/2024G
Academic Qualifications:	- Bachelor's degree in Business Administration from Indiana University, USA, in 2010G. - Certificate of Chartered Financial Analyst (CFA) from the Chartered Financial Analyst Institute (CFA Institute), USA, in 2014G.
Current Executive Positions:	CEO, AWJ Holding Company (AHC), a closed joint stock company, engaging in the field of real estate investment and development in the Kingdom of Saudi Arabia, since 2023G.
Previous Executive Positions:	- CEO, The Clock Towers Company (King Abdulaziz Endowment for the Two Holy Mosques in Makkah), a limited liability company, engaging in the field of hotel asset management and shopping malls in the Kingdom of Saudi Arabia, from 2021G to 2022G. - Acting CEO, Vision Development Holding Company, a limited liability company, engaging in the field of real estate sector in the Kingdom of Saudi Arabia, from 2022G to 2022G. - Director of Real Estate Investments, Riyadh Capital Company, a closed joint stock company, engaging in the field of investment and financial consulting in the Kingdom of Saudi Arabia, from 2010G to 2021G.
Other Current Memberships:	- Member of the Investment Committee, AWJ Holding Company (AHC), a closed joint stock company, engaging in the field of real estate investment and development in the Kingdom of Saudi Arabia, since 2023G. - Board Member, Enma Alrawabi Saudi Company, a public joint stock company, engaging in the field of investment and real estate development in the Kingdom of Saudi Arabia, since 2022G. - Member of the Nomination and Remuneration Committee, Enma Alrawabi Saudi Company, a public joint stock company, engaging in the field of investment and real estate development in the Kingdom of Saudi Arabia, since 2022G. - Member of the Investment Committee, Aseer Investment Company, a closed joint stock company, engaging in the field of investment in the Kingdom of Saudi Arabia, since 2022G. - Member of the Real Estate Products Committee, Real Estate Committee of the Saudi Capital Market Authority (CMA), a government body engaging in the field of regulating and developing the financial market in the Kingdom of Saudi Arabia, since 2022G. - Board Member, Tharwat for Financial Securities Company, a closed joint stock company, engaging in the field of investment in the Kingdom of Saudi Arabia, since 2021G. - Member of the Nomination and Remuneration Committee, Tharwat for Financial Securities Company, a closed joint stock company, engaging in the field of investment in the Kingdom of Saudi Arabia, since 2021G. - Member of the Real Estate Committee, Vision Development Holding Company, a limited liability company, engaging in the field of real estate management and development in the Kingdom of Saudi Arabia, since 2022G. - Board Member, Al Geraa Real Estate Company, a limited liability company, engaging in the field of investment and real estate development in the Kingdom of Saudi Arabia, since 2023G. - Board Member, AlSak Real Estate Company, a limited liability company, engaging in the field of marketing and sale of real estate in the Kingdom of Saudi Arabia, since 2023G.
Other Previous Memberships:	- Board Member, Boudl Hotel Management Company, a closed joint stock company, engaging in the field of management and operation of hotels and resorts in the Kingdom of Saudi Arabia and the Arab Gulf Countries, from 2017G to 2023G. - Board Member, Saudi Hotels Company, a joint stock company, engaging in the field of management and operation of hotels in the Kingdom of Saudi Arabia, from 2018G to 2021G.

Source: The Company

5.1.3.8 Abdulsalam Abdulrahman Nasser AlMajed

Name:	Abdulsalam Abdulrahman Nasser AlMajed
Age:	36 years
Nationality:	Saudi
Current Position:	Managing Director
Appointment Date:	11/07/2024G
Academic Qualifications:	Bachelor's degree in Business Administration from King Saud University, KSA, in 2010G.
Current Executive Positions:	N/A
Previous Executive Positions:	- CEO of the Company, from 2020G to 2024G. - Real Estate Consultant, Small and Medium Enterprises General Authority, an authority concerned with supporting and empowering small and medium enterprises in cooperation with the public and private sectors in the Kingdom of Saudi Arabia, from 2018G to 2020G.
Other Current Memberships:	- Board Member, Riyadh Chamber of Commerce, a non-profit entity, engaging in the field of business development, in the Kingdom of Saudi Arabia, since 2024G. - Board Member, First Avenue Real Estate Development Company, a listed joint stock company, engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2021G. - Board Member, Hassana Fund at Jadwa Investment Company, a closed fund, engaging in the field of real estate in the Kingdom of Saudi Arabia, since 2021G. - Board Member, AlDar Investment Fund 2 at Jadwa Investment Company, a closed fund, engaging in the field of real estate in the Kingdom of Saudi Arabia, since 2021G. - Board Member, AlDar Investment Fund 3 at Jadwa Investment Company, a closed fund, engaging in the field of real estate in the Kingdom of Saudi Arabia, since 2021G. - Board Member, AlDar Investment Fund 1 at Jadwa Investment Company, a closed fund, engaging in the field of real estate in the Kingdom of Saudi Arabia, since 2021G. - Board Member, AlShorfa Investment Fund at Jadwa Investment Company, a closed fund, engaging in the field of real estate in the Kingdom of Saudi Arabia, since 2021G. - Member of the Executive Committee, First Avenue Real Estate Development Company, a listed joint stock company, engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2021G. - Vice Chairman of the Board, Thara Financing Company, a closed joint stock company, engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2022G. - Board Member, AlMajdiah Office Tower Fund, a closed fund, engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2023G. - Member of the Executive Committee of the Company, since 2023G.
Other Previous Memberships:	- Board Member, AlRabie Fund at Blominvest Company, a closed fund, engaging in the field of real estate in the Kingdom of Saudi Arabia, from 2021G to 2023G. - Board Member, Al Malqa Residence Fund at Blominvest Company, a closed fund, engaging in the field of real estate in the Kingdom of Saudi Arabia, from 2021G to 2024G. - Chairman, Al Rayyan Residence Fund at Blominvest Company, a closed fund, engaging in the field of real estate in the Kingdom of Saudi Arabia, from 2020G to 2022G. - Board Member, AlMajdiah Investment Fund, a closed fund, engaging in the field of real estate in the Kingdom of Saudi Arabia, from 2020G to 2023G.

Source: The Company

5.1.3.9 Ahmed Saad Moqad

Name:	Ahmed Saad Moqad
Age:	31 years
Nationality:	Saudi
Current Position:	Board Secretary
Appointment Date:	13/04/2023G
Academic Qualifications:	- Master's degree in Commercial Law from Imam Mohammad Ibn Saud Islamic University (IMSIU), KSA, in 2020G. - Bachelor's degree in Sharia from the Islamic University of Madinah, KSA, in 2015G.
Current Professional Positions:	- Senior Analyst, Public Investment Fund, a sovereign fund, engaging in the field of investment, since 2022G. - Board Secretary, Idac Company, a limited liability company, a subsidiary of Arasco Company, engaging in the field of laboratories, since 2021G to 2023G.
Previous Professional Positions:	- Senior Corporate Governance Specialist, Arabian Agricultural Services Company (ARASCO), a closed joint stock company engaging in the field of food supply and food security, from 2022G to 2022G. - Board Affairs Specialist, Arabian Agricultural Services Company (ARASCO), a closed joint stock company engaging in the field of food supply and food security, from 2021G to 2022G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

Source: The Company

5.2 The Company's Committees

The Company shall have the number of committees needed to meet the Company's needs and circumstances, so that the Board is able to perform its duties effectively. The Company's committees shall be formed according to general procedures set by the Board of Directors, including defining the committee's mission and term. The Board of Directors shall periodically follow up the committees' work to ensure that they are indeed carrying out the tasks entrusted thereto.

The following is a summary of the structure, responsibilities and current members of each permanent Committee:

5.2.1 Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to identify qualified candidates who are eligible for membership of the Board and the Executive Management. The Committee is also responsible for ensuring that the Company's nomination policy that helps it properly fill vacancies, achieve the intended goals, and retain distinguished Board members and Senior Executives. The Committee's scope of work includes all duties designed to enable it to fulfil its functions, including:

- Preparing a clear policy for the remunerations of the Board members, its committees, and the Executive Management, presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy;
- Clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy;
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives;
- Providing recommendations to the Board in respect of the remunerations of Board members, its committees, and the top Executives, in accordance with the approved policy;
- Suggesting clear policies and standards for membership of the Board, its committees, and the Executive Management;
- Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
- Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;

- Determining the amount of time that the member shall allocate to the activities of the Board;
- Annually reviewing the skills and expertise required of the Board members and the Executive Management;
- Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
- Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of Directors of another company;
- Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management;
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant;
- Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests; and
- Overseeing the Company's corporate governance policy in relation to the Board members, monitoring its effectiveness, and amending it when needed. For this purpose, the Committee may do the following:
 - Verify the Company's compliance with the relevant laws, regulations, policies, and instructions.
 - Review and update the rules in accordance with the regulatory requirements and best practices.
 - Review and establish the code of professional conduct that best encapsulates the Company's values, as well as other internal policies and procedures to meet the Company's requirements, and in line with the best practices.
- Keep the Committee members informed of any developments in the field of corporate governance with regard to the members of the Board and best practices.

The Nomination and Remuneration Committee shall consist of three (3) to five (5) members appointed by the Company's Board of Directors, subject to the requirements to be met by members of the Nomination and Remuneration Committee. The Committee's membership shall start at the beginning of the Board's term and shall end with the expiry thereof.

The Board shall take the necessary measures to enable the Nomination and Remuneration Committee to carry out its functions, including informing the Nomination and Remuneration Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Nomination and Remuneration Committee deems necessary.

The following members were appointed to the Nomination and Remuneration Committee by the Board of Directors on 15/09/1444H (corresponding to 06/04/2023G). The term of the Nomination and Remuneration Committee shall start on 13/04/2023G and end on 13/04/2026G.

Table 5.3: Nomination and Remuneration Committee Members

	Name	Title	Capacity
1	Ali bin Abdulrahman bin Othman AlGhamdi	Chairman	Independent Board Member
2	Mohammed bin Abdulrahman bin Nasser AlMajed	Member	Non-Board Member
3	Nasser bin Abdulrahman bin Nasser AlMajed	Member	Non-Executive Board Member

Source: The Company

The following is a brief overview of the members of Nomination and Remuneration Committee:

5.2.1.1 Ali bin Abdulrahman bin Othman AlGhamdi

Please refer to Section 5.13.6 for further details about the experience and current and previous positions of Mr. Ali bin Abdulrahman bin Othman AlGhamdi.

5.2.1.2 Mohammed bin Abdulrahman bin Nasser AlMajed

Name:	Mohammed bin Abdulrahman bin Nasser AlMajed
Age:	55 years
Nationality:	Saudi
Current Position:	Member of the Nomination and Remuneration Committee
Appointment Date:	06/04/2023G
Academic Qualifications:	Bachelor's degree in Arabic Language from King Saud University, KSA, in 1990G.
Current Professional Positions:	CEO, KMK Development Company, a limited liability company operating in the field on real estate development in UK, since 2018G.
Previous Professional Positions:	CEO, Mohammed and Khaled AlMajed Real Estate Company, a limited liability company operating in the field of real estate development in KSA, from 1999G to 2023G.
Other Current Memberships:	- Board Member, AlMajdiah Holding Company Limited, UK, a limited liability company operating in the field of real estate development in KSA, since 2021G. - Board Chairman, Dar AlMajed Holding, KSA, a limited liability company engaging in the field of real estate development, since 2022G. - Board Chairman, Mohammed and Khaled AlMajed Real Estate Company, KSA, a limited liability company operating in the real estate field, since 1999G. - Board Member, Dar AlMajed Investment Company, KSA, a limited liability company engaging in the investment field, since 2020G. - Board Chairman, KMK Holding Company, UK, a limited liability company engaging in the field of real estate development, since 2018G - Board Chairman, KMK Development Company, UK, a limited liability company, engaging in the field of real estate development, since 2018G.
Other Previous Memberships:	Board Member, Dar Al Elaj Company, KSA, a limited liability company engaging in healthcare sector, from 2010G to 2020G.

Source: The Company

5.2.1.3 Nasser bin Abdulrahman bin Nasser AlMajed

Name:	Nasser bin Abdulrahman bin Nasser AlMajed
Age:	37 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	06/04/2023G
Academic Qualifications:	- Bachelor's degree in Education from King Saud University, KSA, in 2008G. - Master's degree in Marketing from the University of Hertfordshire, UK, in 2011G.
Current Professional Positions:	CEO, AlMajdiah Holding Company Limited, KSA, a limited liability company operating in the field of real estate development, since 2021G.
Previous Professional Positions:	- General Manager, Nasser and Abdulsalam Real Estate Company, KSA, a limited liability company engaging in real estate development and investment management, from 2007G to 2018G. - CEO, the Company, from 2018G to 2021G.
Other Current Memberships:	N/A
Other Previous Memberships:	Board Member, the Company, from 2023G to 2024G.

Source: The Company

5.2.2 Audit Committee

The main task of the Audit Committee is to verify the adequacy, and effective implementation, of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives, as well as protect the interests of the Shareholders and investors efficiently and at a reasonable cost. The Committee is also responsible for reviewing risk management policies, the annual risk report and risk reduction plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by the CMA and the Company's Corporate Governance Manual and Policy. The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- Monitoring the Company's activities and verifying the policies and procedures that guarantee the integrity of the reports, the financial statements, and the internal control systems;
 - Setting performance standards for the financial department in line with the Company's investment strategy and objectives;
 - Reviewing and evaluating performance indicators for the financial department;
 - Ensuring that all of the Company's departments operate in accordance with the policies approved by the Board;
 - Reviewing the policies and procedures set by the Management;
 - Reviewing the corporate social responsibility policy and media plan, as well as submitting its recommendations to the Board;
 - Reviewing the programs of community work initiatives and submitting its recommendations to the Board;
 - Reviewing matters submitted thereto by the CEO that fall under its competence and submitting its recommendations to the Board;
 - Examining matters referred thereto by the General Assembly or the Board, or such matters that have been assigned thereto;
 - Undertaking any other functions assigned thereto by the Board;
 - Periodically submitting its oral or written reports and recommendations to the Board;
- **Financial Statements:**
 - Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency; providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy; analyzing any important or non-familiar issues contained in the financial reports; meticulously investigating any issues raised by the Company's Finance Director or any person assuming their duties or the Company's compliance officer or external auditor; examining the accounting estimates in respect of material issues contained in the financial reports, examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon;
 - **Internal Audit:**
 - Examining and reviewing the Company's internal, financial, and risk management systems; reviewing the summary of all Internal Audit reports, and pursuing the implementation of the corrective measures in respect of the comments included in the Internal Audit report; overseeing the performance and activities of the Company's Internal Audit function to ensure the availability of the need resources and such function's effectiveness in undertaking the activities and duties assigned thereto; recommending to the Board the Director of the Internal Audit function and his remuneration; and ensuring the independence of the Internal Audit and enable it to perform its duties effectively;
 - **Auditor:**
 - Providing recommendations to the Board to nominate auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts; verifying the independence, objectivity, and fairness of the auditor and effectiveness of the audit activities, taking into account the relevant rules and standards; reviewing the plan of the Company's auditor and its activities, and ensuring that it does not provide any technical or administrative services beyond its scope of work, and providing its opinion thereon; responding to queries of the Company's auditor; and reviewing the auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith; and

• **Compliance:**

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith; ensuring the Company's compliance with the relevant laws, regulations, policies and instructions; reviewing the contracts and proposed Related Party transactions, and providing recommendations to the Board in connection therewith; reporting to the Board any issues, as it deems necessary, to take action thereon, and providing recommendations as to the steps that should be taken; reviewing the effectiveness of the Company's monitoring system and procedures of the information system; ensuring the effectiveness and adequacy of the Company's management information systems and other information technology systems; ensuring that the Company established the proper general framework and appropriate policies to manage the risks at the Company, aligning the risk management activities with the Company's objectives and policies; periodically reviewing and evaluating the risks of the main activities; and reviewing any legal claims made for, or on behalf of, the Company and their recoverability.

The Audit Committee consists of three (3) to five (5) members. The members of the Audit Committee shall not be from the Board Executive Members but shall be appointed from the shareholders or others, provided that at least one of its members is specialized in finance and accounting. The appointment resolution shall be issued by the Assembly and shall set out the Audit Committee's Chairman, functions, and remuneration of the members. The Committee's membership period shall be equal to the Board term. The Board shall take the necessary measures to enable the Audit Committee to carry out its functions, including informing the Audit Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Audit Committee deems necessary.

The following members of the Audit Committee were appointed by the General Assembly on 16/03/1445H (corresponding to 01/10/2023G). The term of the Audit Committee shall start on 13/04/2023G and end on 13/04/2026G.

Table 5.4: Audit Committee Members

	Name	Title	Capacity
1	Mohammad bin Abdullah Mohammad AlQassim	Chairman	Non-Board Member
2	Majed bin Abdulrahman bin Nasser AlMajed	Member	Non-Executive Board Member
3	Mohammed bin Mahmoud bin Issa Abu Diab	Member	Independent Board Member
4	Mohammed bin Ahmad bin Othman AlKulaib	Member	Non-Board Member

Source: The Company

The following is a brief overview of the members of the Audit Committee:

5.2.2.1 Mohammed Abdullah Mohammed AlQassim

Name:	Mohammed Abdullah Mohammed AlQassim
Age:	37 years
Nationality:	Saudi
Current Position:	Chairman of the Audit Committee
Appointment Date:	06/04/2023G
Academic Qualifications:	- Master's degree in Risk Management from the University of New South Wales (UNSW), Australia, in 2011G. - Bachelor's degree in Accounting and Finance from the University of Sydney, Australia, in 2008G.
Current Executive Positions:	CEO and Chief Investment Officer, Kafa'a Investment Company in the Kingdom of Saudi Arabia, a limited liability company engaging in the field of investment, since 2022G.
Previous Executive Positions:	- Chief Operating Officer, Praktik Company in the state of San Francisco in the United States of America, a closed joint stock company engaging in the field of IT, from 2017G to 2020G. - Managing Director, Modern Flavor Company for Foodstuffs in the Kingdom of Saudi Arabia, a limited liability company engaging in the field of restaurants, from 2015G to 2017G. - Director of the Budget Department, General Organization for Social Insurance, a semi-governmental institution overseeing the pension law for the public and private sectors in the Kingdom of Saudi Arabia, from 2014G to 2015G. - Internal Auditor, General Organization for Social Insurance, a semi-governmental institution overseeing the pension law for the public and private sectors in the Kingdom of Saudi Arabia, from 2009G to 2014G.
Other Current Memberships:	- Member of the Audit Committee, Hassana Investment Company in Riyadh, a closed joint stock company, engaging in the field of investment, since 2017G. - Member of the Audit Committee, ANB Capital Company in Riyadh, a closed joint stock company, engaging in the field of investment, since 2022G. - Member of the Audit Committee, at Maarif Company in Riyadh, a limited liability company, engaging in the field of education, since 2020G.
Other Previous Memberships:	- Chairman of the Audit Committee, Umm Al Qura for Development and Construction Company in Makkah, a closed joint stock company, engaging in the field of real estate development, from 2013G to 2023G. - Board Member, International Diol Company in Jubail, a closed joint stock company, engaging in the field of petrochemical, from 2015G to 2015G.

Source: The Company

5.2.2.2 Majed Abdulrahman Nasser AlMajed

Please refer to Section 5.1.3.3 for further details regarding the experience, and current and previous positions of Majed Abdulrahman Nasser AlMajed.

5.2.2.3 Mohammed Mahmoud Issa Abu Diab

Please refer to Section 5.1.3.4 for further details regarding the experience, and current and previous positions of Mohammed Mahmoud Issa Abu Diab.

5.2.2.4 Mohammed Ahmed Othman AlKhaleeb

Name:	Mohammed Ahmed Othman AlKhaleeb
Age:	42 years
Nationality:	Saudi
Current Position:	Member of the Audit Committee
Appointment Date:	06/04/2023G
Academic Qualifications:	- Master's degree in Business Administration from Murray State University, USA, in 2011G. - Bachelor's degree in Accounting from King Faisal University, KSA, in 2003G. - Certificate of a Certified Management Accountant (CMA) from the American Institute of Management Accountants (IMA), in 2015G.
Current Executive Positions:	CFO, Riyadh Development Company, a public joint stock company, engaging in the field of real estate development, since 2022G.
Previous Positions:	- CFO, Arabian Agricultural Services Company (ARASCO) in the Kingdom of Saudi Arabia, a closed joint stock company engaging in the field of food supply and food security, from 2020G to 2021G. - CFO, AlJubail Petrochemical Company (KEMYA) (a subsidiary of SABIC), a closed joint stock company, engaging in the field of petrochemicals, from 2018G to 2020G. - Director of Budget and Control, Saudi Methanol Company (AR RAZI) (a subsidiary of SABIC), a closed joint stock company, engaging in the field of methanol production, from 2016G to 2018G.
Other Current Memberships:	- Member of the Audit Committee, AlRajhi seventh Company, a closed joint stock company, engaging in the field of real estate, since 2022G. - Member of the Audit Committee, Rawajeh Holding Company, a closed joint stock company, engaging in the field of real estate, since 2023G.
Other Previous Memberships:	Board Member, Middle East Food Solutions Company (MEFSCO), a closed joint stock company, engaging in the field of food, from 2020G to 2021G.

Source: The Company

5.2.3 Executive Committee

The Executive Committee shall exercise all the powers vested therein, submit its reports to the Board, and keep direct channels of communication open therewith. The Executive Committee may not amend any resolution passed by the Board. The functions of the Committee under the relevant laws and regulations shall be as follows:

- Setting the Company's strategic objectives and main plans and ensuring the implementation thereof with the required quality and at an acceptable cost.
- Following up, updating and reviewing from time to time the Company's short, mid and long-term strategy.
- Following up the implementation of the Board resolutions, controlling the implementation of approved operational strategies, policies and plans and making the necessary recommendations to the Board.
- Reviewing the effect of suggested transactions and deals on the Company's financial position statement, including the required financing, assessing their effect on liquidity and debt ratios, and making relevant recommendations to the Board.
- Following up the implementation of the Company's estimated budget, analyzing deviations – if any – and making recommendations to the Board with this regard.
- Holding meetings with the heads of administrative departments, the auditor and all those concerned with the monitoring of the Company's operational and financial performance.
- Following up the implementation of the Company's financial and administrative policies and regulations, developing them and making appropriate recommendations to the Board.
- Reviewing the powers and organizational structure as needed and suggesting the appropriate amendments to the Board.
- Providing the Board with sufficient and necessary information about the Company's comprehensive performance.
- Developing the Company's plan, strategy and investment policy in line with its business and activities in the real estate development field and the risks encountered by the Company and recommending the approval thereof to the Board annually.

- Periodically reviewing the investment plan, strategy and policy in the real estate development field to ensure its suitability to any changes to the environment in which the Company operates and to the legislation regulating its business or strategic objectives and recommending to the Board any suggested changes to these plans, strategies and policies.
- Providing general oversight and assessment of the Company's real estate investment activities, both internally and externally, to ensure its compliance with the approved investment plan, strategy and policy.
- Setting the appropriate procedures to measure and assess the performance of real estate investment activities carried out by the Company, internally and externally.
- Reviewing the Company's investments costs and benefits in light of the planned strategy and relevant risks.
- Examining and evaluating the investment opportunities suggested by the Company's Board related to the real estate development field or aiming at developing the current real estate activities with regard to the below transactions, and making recommendation with this regard:
 - Mergers or acquisitions of companies, businesses or assets.
 - Any termination, sale, transfer of ownership or exit from an existing investment or disposal thereof.
 - Joint ventures under a partners' agreement.
 - Investment in new or existing projects in real estate development field or expansion of projects in which the Company has an interest.
 - Any real estate investment opportunity which the Company wishes to seize.
 - Examination of possibilities of the above-mentioned transactions.
- Making recommendations to the Board concerning the exit or liquidation of any existing investment.
- Continuously analyzing the investment risks and mitigating them.
- Reviewing any matters raised by the Audit Committee or Risk Management Committee which could affect the real estate investment activities in the Company.
- Approving the Investment Management Policies and Procedures Guide and any amendments made thereto.
- Carrying out any other tasks and responsibilities entrusted thereto by the Board and falling within the Committee's objectives and scope of work.

The Executive Committee consists of three (3) to five (5) members appointed by the Board of Directors for a period equal to the membership term of the Board.

The Board shall take the necessary measures to enable the Executive Committee to carry out its functions, including informing the Executive Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Executive Committee deems necessary.

The following members of the Executive Committee were appointed by the Board of Directors on 15/09/1444H (corresponding to 06/04/2023G) and on 07/05/1445H (corresponding to 21/11/2023G). Member Mr. Adel bin Mohammad bin Abdullah AlKharashi was appointed by virtue of a separate resolution of the Board issued on 05/01/1444H (corresponding to 11/07/2024G).

Table 5.5: Executive Committee Members

	Name	Title	Capacity
1	Khaled bin Abdulrahman bin Nasser AlMajed	Chairman	Chairman
2	Hussam bin Abdulrahman bin Nasser AlMajed	Member	Non-Board Member
3	Abdulsalam bin Abdulrahman bin Nasser AlMajed	Member	Managing Director
4	Turki bin Khaled bin Abdulaziz AlKhalif	Member	Non-Board Member
5	Adel bin Mohammad bin Adbullah AlKharashi	Member	Non-Board Member

Source: The Company

The following is a brief overview of the members of the Executive Committee:

5.2.3.1 Khaled Abdulrahman Nasser AlMajed

Please refer to Section 5.1.3.1 for further details regarding the experience, and current and previous positions of Khaled Abdulrahman Nasser AlMajed.

5.2.3.2 Hussam Abdulrahman Nasser AlMajed

Name:	Hussam Abdulrahman Nasser AlMajed
Age:	43 years
Nationality:	Saudi
Current Position:	Member of the Executive Committee
Appointment Date:	13/04/2023G
Academic Qualifications:	Bachelor's degree in Social Sciences from Imam Mohammad Ibn Saud Islamic University (IMSIU), KSA, in 2003G.
Current Positions:	CEO, Hussam and Majed AlMajed Real Estate Company, a limited liability company engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2013G.
Previous Positions:	N/A
Other Current Memberships:	- Chairman, Hussam and Majed AlMajed Real Estate Company, a limited liability company engaging in the field of real estate development in the Kingdom of Saudi Arabia, since 2013G. - Board Member, Labnat Alasas for Investment and Real Estate Development, a limited liability company engaging in the field of real estate development, in the Kingdom of Saudi Arabia, since 2017G. - Chairman, Emaar Contracting Establishment, an establishment engaging in the field of general contracting in the Kingdom of Saudi Arabia, since 2008G. - Member of the Executive Committee of the Company, since 2020G.
Other Previous Memberships:	N/A

Source: The Company

5.2.3.3 Abdulsalam Abdulrahman Nasser AlMajed

Please refer to Section 5.1.3.8 for further details regarding the experience, and current and previous positions of Abdulsalam Abdulrahman Nasser AlMajed

5.2.3.4 Turki Khaled Abdulaziz AlKhalif

Name:	Turki Khaled Abdulaziz AlKhalif
Age:	45 years
Nationality:	Saudi
Current Position:	Member of the Executive Committee
Appointment Date:	26/11/2023G
Academic Qualifications:	- Master's degree in Investment from the University of Stirling, UK, in 2011G. - Master's degree in Business Administration from the University of Hull, UK, in 2010G. - Bachelor's degree in finance from King Fahd University of Petroleum and Minerals, in the Kingdom of Saudi Arabia, in 2003G.
Current Executive Positions:	Managing Director, Jazel Investment Company, a closed joint stock company, engaging in the field of business investment and real estate development, since 2022G.
Previous Executive Positions:	- CEO, Entrustment and Liquidation Center (infath), a government center, engaging in the field of liquidation of movable and immovable assets, since 2019G to 2020G. - Chief Investment Officer, National Housing Company (NHC), a government company, engaging in the field of real estate development, since 2018G to 2019G. - Vice-Chairman of Business Development, Kayan Real Estate Developments Company, a closed joint stock company engaging in the field of real estate development, since 2015G to 2018G.
Other Current Memberships:	- Board Member, Alinma Retail REIT Fund, a real estate fund, engaging in the field of retail, since 2023G. - Chairman of the Investment Committee, Abdullah Al-Rajhi Endowment, a charitable endowment engaging in the field of industry and trade, since 2022G
Other Previous Memberships:	- Member of the Executive Committee, Liquidation Center (infath), a government center, engaging in the field of liquidation of movable and immovable assets, since 2019G to 2022G. - Member of the Executive Committee, LSC Warehousing & Logistics Services Company, a closed joint stock company, engaging in the field of providing shipping, transportation and storage services, from 2012G to 2015G. - Member of the Audit Committee, Nayifat Financing Company, a listed joint stock company, engaging in the field of financing solutions for individuals and institutions, from 2012G to 2015G.

Source: The Company

5.2.3.5 Adel Mohammed Abdullah AlKharashi

Name:	Adel Mohammed Abdullah AlKharashi
Age:	46 years
Nationality:	Saudi
Current Position:	Member of the Executive Committee
Appointment Date:	11/07/2024G
Academic Qualifications:	- Bachelor's degree in Architecture from King Saud University (KSU), KSA, in 2000G. - Master's degree in Construction Project Management from Queensland University of Technology (QUT), Australia, in 2007G.
Current Positions:	N/A
Previous Positions:	- Vice CEO of the Company, from 2021G to 2024G. - General Manager of Properties, General Organization for Social Insurance, a Saudi government public organization, from 2015G to 2021G. - Project Manager, General Organization for Social Insurance (GOSI), a Saudi government public organization, from 2010G to 2015G. - Project Manager, General Organization for Social Insurance, a Saudi government public organization, from 2010G to 2015G.
Other Current Memberships:	N/A
Other Previous Memberships:	- Board Member, Umm Al Qura for Development and Construction Company, a limited liability company engaging in the field of real estate development in the Kingdom of Saudi Arabia, from 2014G to 2021G. - Board Member, Qassim Cement Company, a public joint stock company engaging in the field of basic materials in the Kingdom of Saudi Arabia, from 2017G to 2019G. - Board Member, Ceramic Pipes Company, a closed joint stock company, engaging in the field of manufacturing of ceramic products in the Kingdom of Saudi Arabia, from 2008G to 2020G. - Board Member, National Medical Care Company, a public joint stock company, engaging in the field of health in the Kingdom of Saudi Arabia, from 2009G to 2016G.

Source: The Company

5.3 Senior Management

The Company's Senior Management is comprised of qualified Saudi and non-Saudi members with significant local and international expertise in the field of development and real estate investment. The primary responsibility of the Chief Executive Officer is to manage the Company's business and supervise its performance in line with the objectives and guidance of the Board of Directors and Shareholders.

The Senior Management team currently consists of ten (10) members, as set out in the table below:

Table 5.6: Senior Management Details

No.	Name	Position	Appointment Date to the Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership Ratios	
								Pre-Offering	Post-Offering
1.	Sulaiman bin Ali AlAyed	CEO	01/07/2024G	Saudi	41	-	-	-	-
2.	Mohammed bin Suleiman AlSabeeh	General Manager of the Project Management Department	15/09/2021G	Saudi	34	-	-	-	-
3.	Muath Abdulaziz AlKhorayef	General Manager of the Commercial Business Sector	04/11/2024G	Saudi	29	-	-	-	-
4.	Mohammed Salah Mohammed Abdulhalim Ibrahim	CFO	26/02/2023G	Egyptian	53	-	-	-	-
5.	Zahi Makram AlHaddad	General Manager of the Customer Franchise Department	01/11/2024G	Lebanese	47	-	-	-	-
6.	Amjad Tayseer Mahmoud AlZayat	Head of the Internal Audit Department	19/02/2023G	Jordanian	41	-	-	-	-
7.	Abdullatif Abdulwahab Almuhaideb	General Manager of the Development and Investment	24/11/2024G	Saudi	39	-	-	-	-
8.	Mohammed Fahad AlShuwairekh	General Manager of the Shared Services	20/10/2019G	Saudi	41	-	-	-	-
9.	Bandar Abdulmohsen AlZakari	Head of Investor Relations and Governance Affairs	30/04/2025G	Saudi	33	-	-	-	-
10.	Khaled Dhaim Ghalbi	Acting Director of Strategy	21/01/2025G	Saudi	-	-	-	-	-

Source: The Company

5.3.1 Biographies of Senior Executives

The following is a brief overview of the experiences, academic qualifications, as well as current and previous positions of each Member of Senior Management:

5.3.1.1 Sulaiman Ali AlAyed

Name:	Sulaiman Ali AlAyed
Age:	41 years
Nationality:	Saudi
Current Position:	CEO
Appointment Date:	01/07/2024G
Academic Qualifications:	Bachelor's degree in Industrial Engineering from King Saud University (KSU), KSA, in 2008G.
Current Executive Positions:	N/A
Previous Positions:	- Director of investment portfolio management in local real estate investments, Public Investment Fund (PIF), a sovereign fund engaging in the field of investment, from 2021G to 2024G. - CEO, Hamat Holding Company, a closed joint stock company, engaging in the field of development of real estate and investment, from 2019G to 2021G. - Member of the Executive Committee, Hamat Holding Company, a closed joint stock company, engaging in the field of development of real estate and investment, from 2019G to 2021G. - Head of Business Development, Hamat Holding Company, a closed joint stock company, engaging in the field of development of real estate and investment, from 2017G to 2019G. - Director of the Export Strategy Department, Saudi Export Development Authority, a government authority engaging in the field of non-oil Saudi export, from 2016G to 2017G. - Director Partners Relations and International Cooperation Department, Saudi Export Development Authority, a government authority engaging in the field of non-oil Saudi export, from 2015G to 2017G. - Director of Business Development in the Business Sector, Saudi Telecom Company (STC), a listed joint stock company engaging in the field of telecommunications services, from 2013G to 2014G. - Relationship Manager-Commercial Banking Services, Saudi Awwal Bank (SAB), a listed joint stock company engaging in the field of banking services, from 2012G to 2012G. - Corporate Risk Manager-Credit and Risk, Saudi Awwal Bank (SAB), a listed joint stock company engaging in the field of banking services, from 2008G to 2011G.
Other Current Memberships:	N/A
Other Previous Memberships:	Board Member, Investment Income Generating Fund (I), a closed private fund engaging in the field of direct investment in the real estate in the Kingdom of Saudi Arabia, from 2019G to 2021G.

Source: The Company

5.3.1.2 Mohamed bin Suleiman AlSabeeh

Name:	Mohammed Sulaiman AlSabeeh
Age:	34 years
Nationality:	Saudi
Current Position:	General Manager of Project Management Department
Appointment Date:	15/09/2021G
Academic Qualifications:	Accounting Degree in College of Economics and Administrative Sciences from Imam Mohammad Ibn Saud Islamic University (IMSIU), KSA, in 2014G.
Current Executive Positions:	N/A
Previous Positions:	- Director of Marketing and Sales Department, Meshkati Trading Company, a limited liability company engaging in the field of retail, in the Kingdom of Saudi Arabia, from 2014G to 2016G. - Director of Marketing and Sales Department, Hamad Naser AlAbad Sons Trading & Contracting Company, a limited liability company engaging in the field of retail, in the Kingdom of Saudi Arabia, from 2016G to 2018G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

Source: The Company

5.3.1.3 Muath Abdulaziz AlKhorayef

Name:	Muath Abdulaziz AlKhorayef
Age:	29 years
Nationality:	Saudi
Current Position:	General Manager of Commercial Business Sector
Appointment Date:	04/11/2024G
Academic Qualifications:	Bachelor's degree in Systems from Imam Mohammad Ibn Saud Islamic University (IMSIU), Riyadh, in 2019G.
Current Executive Positions:	N/A
Previous Positions:	- Sales Manager, Mueen Human Resources Company, a closed joint stock company engaging in the field of workforce employment in the Kingdom of Saudi Arabia, from 2019G to 2022G. - Operating Manager, Hala Fakher Company, a limited liability company engaging in the field of confectionery and cafes in the Kingdom of Saudi Arabia, from 2019G to 2019G. - Showroom Manager, Jarir Marketing Company, a public joint stock company engaging in the field of consumer discretionary, in the Kingdom of Saudi Arabia, from 2017G to 2018G. - Customer Service Officer, Riyadh Bank, a public joint stock company engaging in the field of financial services, from 2016G to 2017G. - Sales Consultant, Alissa Automotive Company, a limited liability company engaging in the field of car rental in the Kingdom of Saudi Arabia, from 2015G to 2016G.
Other Current Memberships:	Member, Saudi Customer Experience Association (CXA) in the Kingdom of Saudi Arabia, a private association engaging in the field of raising awareness in the customer experience field, since 2023G.
Other Previous Memberships:	N/A

Source: The Company

5.3.1.4 Mohammed Salah Mohammed Abdulhalim Ibrahim

Name:	Mohammed Salah Mohammed Abdulhalim Ibrahim
Age:	53 years
Nationality:	Egyptian
Current Position:	Chief Finance Officer
Appointment Date:	26/02/2023G
Academic Qualifications:	- Bachelor's degree in Accounting and Finance from Cairo University, Egypt, in 1991G. - Fellowship in Administrative and Financial Accounting from the State of New Jersey Certified Management Accountant (CMA)/ Institute of Management Accountants (IMA), USA, in 2012G. - Master's Degree in Business Administration in Finance and Governance from ESLSA University, Paris, in 2013G.
Current Executive Positions:	N/A
Previous Positions:	- CFO, Master Business Group in Egypt, a limited liability company engaging in the field of export, from 2021G to 2022G. - Financial Controller, Mohammed Ibrahim AlSubaei & Sons Investment Company (MASIC), a limited liability company engaging in the field of investment, in the Kingdom of Saudi Arabia, from 2010G to 2014G. - CFO, ATS Company (Kuwait Finance House), a limited liability company engaging in the field of finance in the Kingdom of Saudi Arabia, from 2010G to 2014G. - Financial Manager, ATS Company (Kuwait Finance House), a limited liability company engaging in the field of finance in the Kingdom of Saudi Arabia, from 2007G to 2010G. - Account Manager, ATS Company (Kuwait Finance House), a limited liability company engaging in the field of finance in the Kingdom of Saudi Arabia, from 2002G to 2007G. - Head of the Accounts Department, MAGRABI Hospitals & Centers, a limited liability company engaging in the field of Hospitalization in the Kingdom of Saudi Arabia, from 2001G to 2002G. - Account Manager, in Degla and Galala Contracting and Real Estate Development Company, a limited liability company engaging in the field of real estate development in Egypt, from 1997G to 2001G. - Accountant and then Senior Accountant, AlRumaih Real Estate Group and Tourism Development Company, a limited liability company engaging in the field of real estate and tourism development in the Kingdom of Saudi Arabia, from 1992G to 1997G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

Source: The Company

5.3.1.5 Mohammed Fahad AlShuwairekh

Name:	Mohammed Fahad AlShuwairekh
Age:	41 years
Nationality:	Saudi
Current Position:	General Manager of Shared Services
Appointment Date:	04/11/2024G
Academic Qualifications:	Bachelor's degree in Organizational Development Management from King Abdulaziz University, KSA, in 2014G.
Current Positions:	N/A
Previous Positions:	- Recruitment Specialist, AlShaya Company in Riyadh, a limited liability company engaging in the field of retail trade and agencies, from 2006G to 2007G. - Director of Recruitment and Saudization, Herfy Company, a listed joint stock company engaging in the field of food in the Kingdom of Saudi Arabia, from 2007G to 2018G. - Director of Saudization and Training, Abdullah Al-Othaim Markets Company in Riyadh, a joint stock company engaging in the field of retail, from 2018G to 2019G. - Talent Acquisition Manger, Majid Al Futtaim Company in Dubai and Riyadh, a closed joint stock company engaging in the field of entertainment, agencies and retail, from 2019G to 2020G. - General Manger of Administrative and Financial Affairs, in the Nibras Project of the Ministry of Interior in the Kingdom of Saudi Arabia, from 2019G to 2021G. - General Manager of Human Resources and Administrative Affairs, AIMajed Oud Company in Riyadh, a closed joint stock company engaging in the field of oud and perfume, from 2021G to 2024G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

Source: The Company

5.3.1.6 Zahi Makram AlHaddad

Name:	Zahi Makram AlHaddad
Age:	47 years
Nationality:	Lebanese
Current Position:	General Manager of Customer Franchise Department
Appointment Date:	04/11/2024G
Academic Qualifications:	- Master's degree in Business Administration from ESA University, Beirut, 2023G. - Bachelor's degree in Mechanical Engineering from the American University of Beirut, 1999G.
Current Executive Positions:	N/A
Previous Positions:	- Chief Operating Officer at Harakiya Vision Company, a limited liability company operating in the facilities management sector, from 2021G to 2024G. - Deputy Chief Operating Officer at Lamaal Holding, a limited liability company operating in plastic manufacturing and bottled water production in Saudi Arabia, Egypt, and Lebanon, from 2018G to 2021G. - Airport Management Projects Manager at Saudi Arabian Trading and Construction Company, a limited liability company in the construction and airport systems sector, from 2008G to 2018G. - Operations Manager at Inma Iron Manufacturing Limited, a limited liability company operating in the petroleum processing systems manufacturing sector, from 2005G to 2008G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

5.3.1.7 Amjad Tayseer Mahmoud AlZayat

Name:	Amjad Tayseer Mahmoud AlZayat
Age:	41 years
Nationality:	Jordanian
Current Position:	Head of Internal Audit Department
Appointment Date:	19/02/2023G
Academic Qualifications:	Bachelor's degree in Accounting from Isra University, Jordan, in 2005G.
Current Executive Positions:	N/A
Previous Executive Positions:	- Audit Director, AlJabr Holding Company, a closed joint stock company engaging in multiple fields in the Kingdom of Saudi Arabia, from 2012G to 2023G. - Internal Auditor, Jordan Engineers Association, a professional organization representing engineers in Jordan, from 2007G to 2012G. - Banker, Jordan Islamic Bank for Finance and Investment (JOIB), a closed joint stock company engaging in the field of banking and investment in Jordan, from 2005G to 2007G. - Accountant, Orient Plastics Company Abdeen, a limited liability company engaging in the field of plastics in Jordan, from 2005G to 2005G.
Other Current Memberships:	Saudi Organization for Certified Public Accountants (SOCPA), since 2018G.
Other Previous Memberships:	N/A

Source: The Company

5.3.1.8 Abdullatif Abdulwahab Almuheidib

Name:	Abdullatif Abdulwahab Almuheidib
Age:	39 years
Nationality:	Saudi
Current Position:	General Manager of the Development and Investment
Appointment Date:	24/11/2024G
Academic Qualifications:	- Master's degree in Applied Finance from Queensland University of Technology, Australia, 2012G. - Bachelor's degree in Accounting from King Saud University, Riyadh, 2008G.
Current Executive Positions:	N/A
Previous Executive Positions:	- Vice Head of Local Real Estate Investment Department, Public Investment Fund, a sovereign fund operating in investment sector, from 2022G to 2024G. - Vice Head of Investment Banking Department, Enma Capital Company, a closed joint-stock company providing financial advice for initial and secondary offerings and private equity, from 2013G to 2022G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

Source: The Company

5.3.1.9 Khaled Dhaim Ghalbi

Name:	Khaled Dhaim Ghalbi
Age:	37 years
Nationality:	Saudi
Current Position:	Acting Director of Strategy
Appointment Date:	21/01/2025G
Academic Qualifications:	- Diploma in English from Washington University, USA, 2011G. - Bachelor's Degree in Law from Imam Mohammad Ibn Saud Islamic University (IMSIU), KSA, 2014G.
Current Executive Positions:	N/A
Previous Executive Positions:	- Senior Translator, King Faisal Specialist Hospital & Research Centre (KFSH&RC), a government hospital engaged in healthcare sector, from 2014G to 2016G. - Deputy Director of Outpatient Clinics Translation Department, King Faisal Specialist Hospital & Research Centre (KFSH&RC), a government hospital engaged in healthcare sector, from 2016G to 2017G. - Deputy Station Manager, SaudiGulf Airlines, a closed joint stock company engaged in aviation field in KSA, from 2017G to 2019G. - Deputy Station Manager, SaudiGulf Airlines, a closed joint stock company engaged in aviation field in KSA, from 2019G to 2020G. - Head of Project Management Office, Initial Saudi Group, a limited liability company engaged in basic services sector in KSA, from 2020G to 2022G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

Source: The Company

5.3.1.10 Bandar Abdulmohsen AlZakari

Name:	Bandar Abdulmohsen AlZakari
Age:	34 years
Nationality:	Saudi
Current Position:	Head of Investor Relations and Governance Affairs
Appointment Date:	30/04/2025G
Academic Qualifications:	Bachelor's Degree in Business Management from Middlesex University, UK, 2015G.
Current Executive Positions:	N/A
Previous Executive Positions:	- Listing Relationship Manager, the Saudi Exchange (Tadawul Saudi Arabia), a listed joint stock company operating as the official financial market operator in the Kingdom, from 2019G to 2021G. - Head of Investor Relations, Taiba Investments Company, a listed joint stock company engaged in the hospitality field, from 2021G to 2024G. - Investor Relations Manager, the General Authority for Defense Development, a semi-governmental entity focused on the development of defense industries and technologies in the Kingdom, from 2024G to 2025G.
Other Current Memberships:	Board Member, Thulthain Technology Co., a closed joint stock company engaged in financial technology sector, since 2024G.
Other Previous Memberships:	N/A

Source: The CompanyEmployment Contracts with the Board Members and Senior Executives

5.3.1.11 Employment Contracts with the Board Members

The Company did not conclude any employment contracts with the Board Members, except with the Managing Director. The Board Members receive their remunerations in accordance with the provisions of the Company's Bylaws, without prejudice to the regulatory controls issued in this regard. The Board Members were appointed by virtue of the resolutions of the General Assembly issued on the dates shown in Section 5.13 ("Biographies of the Members and Secretary of the Board"). For further details, please refer to Section 5.4 ("Remuneration of Directors and Senior Executives") in this Section.

The table below briefly describes the employment contract concluded with the Managing Director:

Table 5.7: Summary of the Employment Contract with the Managing Director

SN	Name	Title	Contract Date	Contract Term and Expiration
1.	Abdulsalam bin Abdulrahman AlMajed	Managing Director	01/07/2024G	Annual contract – Automatically renewed

5.3.1.12 Employment Contracts with the Senior Executives

The Company concluded employment contracts with all the Senior Management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience, and include a number of benefits such as a monthly transportation allowance, housing allowance, or both. These contracts are renewable and subject to the Saudi Labor Law.

It should be noted that the employment contract concluded between the Company and the CEO on 30/06/2024G includes a provision which grants the CEO the right to receive 1% of the Company's profits, subject to the fulfillment of the performance methodology and targets approved by the Board of Directors.

The employment contract concluded between the Company and the Managing Director on 01/07/2024G provides that the Managing Director shall receive 35% of the Company's profits.

The table below briefly describes the employment contracts concluded with the Senior Executives.

Table 5.8: Summary of Employment Contracts with the Company's Senior Management Members

SN	Name	Title	Contract Date	Contract Term and Expiration
1.	Sulaiman bin Ali AlAayed	CEO	01/07/2024G	Annual – Automatically renewed
2.	Mohammed bin Suleiman AlSabeeh	General Manager of the Project Management Department	01/01/2017G	Annual – Automatically renewed
3.	Muath Abdulaziz AlKhorayef	General Manager of the Commercial Business Department	06/02/2022G	Annual – Automatically renewed
4.	Mohammed Salah Mohammed Abdulhalim Ibrahim	CFO	26/02/2023G	Annual – Automatically renewed
5.	Mohammed Fahad AlShuwairekh	General Manager of the Shared Services Department	01/01/2024G	Annual – Automatically renewed
6.	Zahi Makram AlHaddad	General Manager of the Customer Franchise Department	24/09/2024G	Annual – Automatically renewed
7.	Amjad Tayseer Mahmoud AlZayat	Head of Internal Audit Department	19/02/2023G	Annual – Automatically renewed
8.	Abdullatif Abdulwahab Almuhaidib	General Manager of the Development and Investment	24/11/2024G	Annual – Automatically renewed
9.	Khaled Dhaim Ghalbi	Acting Director of Strategy	18/12/2022G	Annual – Automatically renewed
10.	Bandar Abdulmohsen AlZakari	Head of Investor Relations and Governance Affairs	30/04/2025G	Annual – Automatically renewed

5.4 Remuneration of Directors and Senior Executives

Subject to the Company's Bylaws, remunerations of the Board of Directors shall be determined by the Board based on the recommendation of the Nomination and Remuneration Committee, provided that the General Assembly approves such remunerations in accordance with the official decisions and instructions issued by the MOC in this context, and within the provisions of the Companies Law and any other relevant supplementary laws, as well as the Bylaws of the Company. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions and directions identified by the competent entities in the Kingdom.

Subject to the Company's Bylaws, the remuneration of Board Directors shall be determined in accordance with the Bylaws as well as the provisions of the Companies Law and its implementing regulations. The Board of Directors' report, which is circulated to the Ordinary General Assembly, must include a comprehensive statement of all the remunerations, allowances, and other benefits that the members of the Board of Directors have obtained during the relevant financial year. Additionally, the report must include a statement of what the members of the Board received in their capacity as employees or administrators, or what they received in return for any technical, administrative or consultative work, as well as a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

Table 5.9: Remuneration Paid to Directors and Senior Executives

SAR	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2024G
Board Members	N/A	230,000	1,522,834	55,000
Audit Committee	N/A	N/A	283,166	54,000
Nomination and Remuneration Committee	N/A	N/A	14,000	18,000
Executive Committee	N/A	N/A	3,000	30,000
Senior Executives	4,545,250	7,275,000	7,475,000	6,000,500

Source: The Company

5.5 Corporate Governance

5.5.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies Law, and corporate governance best practices in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, Shareholders, and other stakeholders, by establishing rules and procedures to facilitate decision-making processes with the objective of protecting the rights of Shareholders and other stakeholders, as well as promoting the values of credibility, fairness, competitiveness, and transparency in the Company's conduct on the Exchange and in the business environment.

The Corporate Governance Regulations shall apply to the Company from the date of Listing. In all cases, the Company currently abides by the majority of the provisions of the Corporate Governance Regulations and will fully abide by such regulations as at the date of Listing.

5.5.2 Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- General Shareholder Rights;
- Rights relating to General Assembly Meetings;
- The Board of Directors: formation, responsibilities, competencies and procedures;
- Conflicts of Interests;
- Company Committees; and
- Internal controls, external auditors, company reports and policies, and various other matters.

5.5.3 Corporate Governance Manual and Internal Charters

On 16/03/1445H (corresponding to 01/01/2023G), the Company's Ordinary General Assembly approved the Corporate Governance Manual of the Company and its internal regulations, based on the recommendation of the Board of Directors dated 18/12/1444H (corresponding to 06/07/2023G). The Audit Committee Charter was also approved by virtue of the Company's Ordinary General Assembly resolution dated 16/03/1445H (corresponding to 01/10/2023G), based on the recommendation of the Board of Directors dated 18/12/1444H (corresponding to 06/07/2023G), by virtue of Article 51 of the Corporate Governance Regulations; and the Nomination and Remuneration Committee Charter was approved by virtue of the Company's Ordinary General Assembly Resolution dated 16/03/1445H (corresponding to 01/10/2023G), based on the recommendation of the Board of Directors on 18/12/1444H (corresponding to 06/07/2023G), by virtue of the provisions of Article 57 of the Corporate Governance Regulations. In addition, the Executive Committee Charter was approved by virtue of the Board Resolution dated 18/12/1444H (corresponding to 06/07/2023G). Below are all the internal governance regulations approved by the Company's Ordinary General Assembly as at the date of this Prospectus:

- General Assembly Charter;
- Board Membership Criteria and Procedures Charter;
- Board of Directors Charter;
- Board, Committees and Secretariat Remuneration Policy;
- Audit Committee Charter;
- Nomination and Remuneration Committee Charter;
- Executive Committee Charter;
- Governance Regulations and related internal regulations;
- Dividend Distribution Policy;
- Conflicts of Interest Policy;
- Board Secretary and Committees Charter;
- Transparency and Information Disclosure Policy;
- Internal Control Regulations;
- Risk Management Policy;
- Code of Conduct and Ethics; and
- Board, Directors and Committees Performance Assessment Regulations.

5.5.4 Corporate Governance Compliance

The Board of Directors declare that the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the Date of Listing.

In particular, a majority of the Company's Board of Directors, which currently consists of nine (9) Directors, are non-executive members and amongst the Board members are three (3) independent Directors. In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors. This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide his/her voting rights between his/her selected nominees without any duplication of votes. This method shall increase the chances of the Minority Shareholders to appoint their representatives at the Board by exercising the cumulative votes available thereto in favor of one nominee.

Pursuant to the provisions of the Corporate Governance Regulations, the Board of Directors formed the Audit Committee on 15/09/1444H (corresponding to 06/04/2023G). The Audit Committee consists of four (4) non-executive members. The Board of Directors also formed the Nomination and Remuneration Committee on 15/09/1444H (corresponding to 06/04/2023G). The Nomination and Remuneration Committee consists of three (3) members. In addition, the Board of Directors formed the Executive Committee on 15/09/1444H (corresponding to 06/04/2023G) and on 05/01/1444H (corresponding to 11/07/2024G). The Executive Committee consists of four (4) members. The General Assembly of the Company approved the amended charters of the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee in its session held on 16/03/1445H (corresponding to 01/10/2023G).

As at this date, the internal policy required for the implementation of the Internal Control system is not fully approved by the Board of Directors. It should be also noted that the current Authority Matrix does not include the responsibilities and powers of all the Executive Management members, but only determines the responsibilities and powers of the CEO.

In addition, the Company has set procedures for compliance with the conflict of interest and competition provisions (Article 71 of the Companies Law, Article 12 of the Implementing Regulations of the Companies Law and Articles 42 and 44 of the Corporate Governance Regulations).

Pursuant to the Corporate Governance Regulations, each Board Member is prohibited from voting on a resolution taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest in such transactions or contracts. The Companies Law sets out similar requirements to the effect that a Director, without prior authorization from the Ordinary General Assembly, may not have any direct or indirect interest in transactions or contracts made for the account of the Company. The Director also has an obligation to inform the Board of Directors of any personal interest he/she may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the Board of Directors or Shareholder Assemblies. The Chairman of the Board of Directors must inform the General Assembly of any transactions and contracts in which any Director has a direct or indirect personal interest and accompany that with a special report from the Company's external auditor.

The Corporate Governance Regulations also provide that if a Board Member wishes to engage in a business that may compete with the Company or any of its activities, he/she must notify the Board of any project that could compete with the Company's business and abstain from voting on the related decision in the Board and General Assembly meetings. The Chairman of the Board must also inform the Ordinary General Assembly of the competing businesses in which the Board Member proposes to be engaged; and the prior authorization of the Company's General Assembly must be obtained for the Board Member to engage in the competing business. The Companies Law sets out similar requirements.

The Company currently complies with the mandatory governance requirements that apply to Saudi public joint stock companies, excluding some provisions mandatory only with respect to listed companies, with which the Company is not currently in compliance as the Company's Shares are not currently listed on the Exchange, as follows:

- Paragraph (A) of Article 8 relating to the announcement on Tadawul's website about the information of candidates for membership of the Board of Directors upon publishing or inviting for the General Assembly's meeting.
- Paragraph (B) of Article 8 relating to limiting the voting of the General Assembly to candidates whose information is announced pursuant to Paragraph (A) of Article (8).
- Paragraph (D) of Article 13 relating to the publication of the date, time, place and agenda of the General Assembly at least 21 days prior to the Assembly date on Tadawul and the Company's websites or through other modern IT means.
- Paragraph (C) of Article 14 relating to the availability of information concerning the items of the General Assembly of Shareholders through Tadawul and the Company's websites, and obtaining information related to the items on the General Assembly's agenda, especially the report of the Board of Directors, the auditor, the financial statements, and the Audit Committee report.
- Paragraph (E) of Article 15 relating to the announcement to the public and notification to CMA and Tadawul of the results of the General Assembly immediately after its conclusion.
- Paragraph (D) of Article 17 relating to notifying CMA of the Directors' names and their membership status within five (5) business days of the commencement date of the Board's term, or from the date of their appointment, whichever is sooner, as well as any changes that may affect their membership within five (5) business days of the occurrence of such changes.
- Paragraphs (a) and (b) of Article 54 relating to the Audit Committee convening periodically, provided that at least four meetings are held during the Company's financial year. The Audit Committee shall also periodically meet with the Company's Auditor and Internal Auditor, if any.
- Article 60 relating to the Remuneration Committee convening periodically at least once per year and as needed.
- Article 64 relating to the Nomination Committee convening periodically at least once per year and as needed.
- Article 65 relating to the publication of the Company's announcement of nomination for Board membership on the Company and Tadawul's websites to invite persons wishing to run for Board membership, provided that the nomination period shall continue for at least a month from the date of the announcement.

5.6 Conflict of Interest

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any Board Member or the CEO the power to vote on any contract or proposal in which he/she has a direct or indirect interest, in accordance with Article 71 of the Companies Law, which states that a Member of the Board shall not have any direct or indirect interest in the transactions and contracts conducted for the account of the Company, except with the authorization of the Ordinary General Assembly, and in accordance with the controls set forth by the competent authority.

Pursuant to said Article, a Board member must inform the Board of Directors of any personal interest he/she may have in the transactions and contracts made for the account of the Company. In turn, the Board of Directors shall

inform the General Assembly, when it convenes, of the transactions and contracts in which any Board member has a personal interest. Such communication shall be accompanied by a special report from the Auditor. Such declaration must be recorded in the minutes of the Board meeting. Moreover, the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the Board members should commit to the following:

- Complying with the provisions of Articles 27, 71, and 72 of the Companies Law, and the provisions of Chapter Six of Part Three of the Corporate Governance Regulations;
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company in which the Board Member has a direct or indirect interest;
- Avoiding participating in any business that competes with that of the Company, unless such Board member has authorization from the Ordinary General Assembly; and
- All future Related-Party transactions shall be made on an arm's length basis in accordance with the terms of the Related Party Transactions Policy.

5.7 Direct and Indirect Interests of Board Members, Board Secretary, and Executive Management

The Directors declare that there is no conflict of interest for any of the Board members, Executive Management, Board Secretary, Senior Executives, nor any of their Relatives, and that they do not hold direct or indirect interests in the Shares and debt instruments of the Company, or otherwise any interest in another matter that may affect the business of the Company, except as disclosed with regard to the direct ownership of Khaled Abdulrahman AlMajed, Majed Abdulrahman AlMajed and Abdulsalam Abdulrahman AlMajed in the Company as shown in Table 5.1 ("Direct Ownership in the Company Pre and Post Offering"); the ownership of their brothers Mohammed Abdulrahman AlMajed, Abdullah Abdulrahman AlMajed, Nasser Abdulrahman Nasser AlMajed and Hussam Abdulrahman AlMajed; and the indirect ownership of Khaled Abdulrahman AlMajed, Hussam Abdulrahman AlMajed, Majed Abdulrahman AlMajed and Abdulsalam Abdulrahman AlMajed through their ownership in Dar AlMajed Holding Company and what was disclosed in Section 12.8 ("Transactions and Contracts with Related Parties") of this Prospectus. All transactions are conducted on a fair arm's length basis.

As at the date of this Prospectus, all the Company's transactions and contracts with Related Parties for 2023G were approved at the Extraordinary General Assembly Meeting held on 27/11/1445H (corresponding to 04/06/2024G) and for the Three-Month Period Ended 31 March 2024G at the Extraordinary General Assembly held on 24/01/1446H (corresponding to 30/07/2024G) and by virtue of the Ordinary General Assembly resolution dated 29/02/1446H (corresponding to 02/09/2024G), and on 04/04/1446H (corresponding to 07/10/2024G), in accordance with the requirements of Article seventy-one (71) of the Companies Law.

The table below outlines the details of agreements and transactions with Related Parties in which Board members have an interest, according to the definition of Related Parties under the Companies Law. Please refer to Section 21.21 ("Risks Related to the Company's Related-Party Transactions") of this Prospectus, which details all transactions and includes the definition of Related Parties according to accounting standards.

Table 5.10: Details of Related Parties' Transactions in which a Board Member has an Interest according to the definition of Related Parties under the Companies Law

Related Party	Nature of Transaction	Interested Party	Nature of Relationship	(SAR)			
				Transaction Value in FY2021G	Transaction Value in FY2022G	Transaction Value in FY2023G	Transaction Value in the Nine Month Period Ended 30 September 2024G
Dar AlMajed Holding Company	Maintenance and repair expenses paid by the Company on behalf of Dar AlMajed Holding Company	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Interested Board Members and Shareholders of the Related Party	N/A	24,788	679,471	N/A
Maskan Rafah Real Estate Company	Expenses paid by the Company on behalf of Maskan Rafah Holding Company	Khaled AlMajed, Majed AlMajed	Interested Board Members and Shareholders of the Related Party	57	7,768	N/A	N/A

Related Party	Nature of Transaction	Interested Party	Nature of Relationship	(SAR)			
				Transaction Value in FY2021G	Transaction Value in FY2022G	Transaction Value in FY2023G	Transaction Value in the Nine Month Period Ended 30 September 2024G
AlMajd AlAwla Real Estate Company	Maintenance and repair expenses paid by the Company on behalf of AlMajd AlAwla Real Estate Company	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Interested Board Members and Shareholders of the Related Party	2,088	N/A	1,350	N/A
Mohammed Abdulrahman Nasser AlMajed	Financing arrangement expenses	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Brother of the Interested Board Members	N/A	39,518,527	6,801,473	N/A
Khaled Abdulrahman Nasser AlMajed	Financing arrangement expenses	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Board Member	N/A	41,467,386	6,727,095	N/A
Majed Abdulrahman Nasser AlMajed	Financing arrangement expenses	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Director	N/A	8,922,403	14,000,000	N/A
Nasser Abdulrahman Nasser AlMajed	Financing arrangement expenses for current projects		Brother of interested Board Members	81,439,252	81,249,675		N/A
Hussam Abdulrahman Nasser AlMajed	Financing arrangement expenses	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Brother of interested Board Members	17,610,000	N/A	14,000,000	N/A
Abdulsalam Abdulrahman Nasser AlMajed	Financing arrangement expenses for current projects	Khaled AlMajed, Majed AlMajed	Director	81,439,252	81,234,252	40,400,000	N/A
Dar AlMajed Real Estate Company	Financing arrangement expenses for current projects	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Interested Board Members and Shareholders of Related Party	6,741,195	-	973,699	N/A
Jadat AlOula Real Estate Development Company	Development fees	Abdulsalam AlMajed	Director of Jadat AlOula Real Estate Development Company	95,877,326	-	3,857,100	N/A
Total	-	-	-	267,260,170	252,424,799	127,840,188	-

Source: The Company

It should be noted that on 04/04/1446H (07/10/2024G), the Ordinary Assembly approved transactions for the period ended 30 September 2024G between the Company and Khawalid Real Estate Company, in which Khaled Abdulrahman Nasser AlMajed has an indirect interest. The transaction is a purchase contract in the amount of 63,500,000 million Saudi Riyals.

Table 5.11: Board Members taking part in activities similar to, or competing with, the Company's by being members in the Boards thereof or owning shares therein

No.	Board Member	Relevant Company	Position held by Board Member in the Relevant Company		Nature of Competing Activities
			Owner	Board Member	
1.	Khaled bin Abdulrahman bin Nasser AlMajed	Khawalid Real Estate Company	-	Advisor and member of the Advisory Committee	Khawalid Real Estate Company operates in the real estate sector
2.	Khaled bin AbdulRahman bin Nasser AlMajed	Towd Khaled Real Estate Development and Investment Company	Owner	Director	Towd Khaled Real Estate Development and Investment Company operates in the Real Estate Sector
3.	Abdulsalam bin Abdulrahman bin Nasser AlMajed	Jadat AlOula Real Estate Development Company	-	Board Member	Jadat AlOula Real Estate Development Company operates in the real estate sector
4.	Abdulsalam bin Abdulrahman bin Nasser AlMajed	Ramz Salam Investment Single Person Company	Owner	-	Ramz Salam Investment Single Person Company operates in the real estate sector
5.	Abdulaziz bin Mohammed bin Abdulaziz AlMousa	AWJ Holding Company	-	CEO	AWJ Holding Company operates in the real estate sector
6.	Abdulaziz bin Mohammed bin Abdulaziz AlMousa	AWJ Real Estate Development and Investment Company	-	Board Member	AWJ Real Estate Development and Investment Company operates in real estate sector
7.	Nasser bin Abdulrahman bin Nasser AlMajed	Osoul Modern Finance Company	Owner	Director	Osoul Modern Finance Company operates in real estate sector
8.	Nasser bin Abdulrahman bin Nasser AlMajed	Moqla AlHadath Real Estate Company	Owner	Director	Moqla AlHadath Real Estate Company operates in real estate sector
9.	Majed bin Abdulrahman bin Nasser AlMajed	Ramz ElMajd Real Estate Development and Investment Company	Owner	Director	Ramz ElMajd Real Estate Development and Investment Company operates in the real estate sector

Source: The Company

* On 27/11/1445H (corresponding to 04/06/2024G) and 24/01/1446H (corresponding to 30/07/2024G) and 04/04/1446H (corresponding to 07/10/2024G) and 13/08/1446H (corresponding to 12/02/2025G), the Company's Ordinary General Assembly approved the Board Members activities that are similar to and competing with the Company's.

5.8 Employee Shares

As at the date of this Prospectus, there is no Employee Shares Schemes which could involve the employees in the Company's capital and there is no current similar arrangements.

5.9 Events of Bankruptcy and Insolvency Involving the Directors

As at the date of this Prospectus, there are no bankruptcy events involving the Directors, Executive Management, or the Secretary. There have also been no events of bankruptcy, within the last five years, of any company in which any of the Directors, Executive Management, or the Secretary held an administrative or supervisory position (for further details, please refer to Section 11 ("Declarations") of this Prospectus).

6. Management's Discussion and Analysis of Financial Condition and Results of Operations

6.1 Introduction

The following Management's Discussion and Analysis of the financial results of Dar AlMajed Real Estate Company and its Subsidiaries (together referred to as "**the Group**") provides an analytical presentation of the Group's operating performance and financial position for the years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Periods Ended 30 September 2023G and 2024G.

This Section and the accompanying notes have been prepared based on the audited consolidated financial statements for the financial year ended 31 December 2023G, which include the financial information for the financial year ended 31 December 2022G, and the audited consolidated financial statements for the financial year ended 31 December 2022G, which include the financial information for the comparative period for the year ended of 31 December 2021G.

The Group's audited consolidated financial statements for the financial years ended 31 December 2021G and the accompanying notes were prepared by Alluhaid & Al Yahya Chartered Accountants, in accordance with the International Financial Reporting Standards ("**IFRS**") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants ("**SOCPA**").

The Group's audited consolidated financial statements for the financial years ended 31 December 2022G and 31 December 2023G and the accompanying notes included elsewhere in this Prospectus have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA (collectively referred to as "**IFRS-KSA**") and have been audited by the Group's auditors, Ernst & Young Professional Services (Professional LLC) for the financial years ended 31 December 2022G and 31 December 2023G ("**Ernst & Young**" or the "**Auditor**") in accordance with its reports.

The unaudited condensed consolidated interim financial statements for the Nine-Month Periods ended 30 September 2023G and 2024G have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the KSA other standards and pronouncements endorsed by SOCPA, and have been reviewed by the Group Auditor, Ernst & Young Professional Services (Professional LLC)

Neither Turki Abdulmohsen Alluhaid & Saleh Abdullah Al Yahya Chartered Accountants and Auditors, nor any of its subsidiaries, or employees who are part of the team providing services to the Company, or any of their relatives, own any shares, stakes or interests of any kind in the Group that may impair their independence as at the date of issuance of the audited consolidated financial statements. Turki Abdulmohsen Alluhaid & Saleh Abdullah Al Yahya Chartered Accountants and Auditors, As at the date of this Prospectus, has provided its written consent to refer in this Prospectus to its role as the independent auditor of the Group's accounts for the financial year ending 31 December 2021G, and has not withdrawn such consent as at the date of issuance of this Prospectus.

Neither Ernst & Young Professional Services (Professional LLC), nor any of its subsidiaries, or employees who are part of the team providing services to the Company, or any of their relatives, own any shares, stakes or interests of any kind in the Group that may impair their independence as at the date of issuance of the audited consolidated financial statements for FY2022G, FY2023G, and the unaudited condensed consolidated interim consolidated financial statements for the period ended 30 September 2024G. Ernst & Young Professional Services (Professional LLC) has, as at the date of this Prospectus, provided its written consent to refer in this Prospectus to its role as auditor of the Group's accounts for the financial years ended 31 December 2022G the periods ended 31 December 2022G, 31 December 2023G and 30 September 2024G and has not withdrawn such consent as at the date of issuance of this Prospectus.

The above financial statements form an integral part of this Prospectus, and this Section should be read in conjunction with such statements and the notes thereto. These financial statements are included in Section 19 ("**Consolidated Financial Statements and Auditors' Reports**") of this Prospectus.

Unless otherwise stated, all amounts in this MD&A have been rounded to the nearest SAR in thousands. In addition, figures and ratios have been rounded to the nearest decimal number. Therefore, if summed, the numbers may differ from those stated in the tables. Annual percentages, margins and CAGRs are based on the rounded figures.

During the year ended 31 December 2022G, the Company adjusted certain amounts and balances recorded in its consolidated financial statements for FY2021G. During the year ended 31 December 2023G, the Company adjusted certain amounts and balances recorded in the consolidated financial statements for FY2022G to reflect the appropriate accounting treatment and classification. For further details on the adjustment, refer to Section 6.10.6 (**"Previous periods adjustments"**).

The financial information for the financial year ended 31 December 2021G was extracted from the comparative financial information presented in the audited consolidated financial statements of the financial year ended 31 December 2022G, and the financial information for the financial years ended 31 December 2022G and 31 December 2023G were extracted from the audited consolidated financial statements of the financial year ended 31 December 2023G. The financial information for the Nine-Month Periods ended 30 September 2023G and 2024G were extracted from the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

This Section might include forward-looking statements related to the Group's future capabilities, based on management's plans and future prospects as to its growth, results of operations and financial condition that could involve prospective risks and uncertainties. The Group's actual results could differ materially from those anticipated as a result of numerous factors, risks, and future events, including those discussed in this Section of the Prospectus or elsewhere in the Prospectus, particularly Section 2 (**"Risk Factors"**).

6.2 Directors' Declaration for Financial Information

1. The Board of Directors declares that the financial information presented in this Section is extracted without material adjustment from the audited financial statements for FY2022G and FY2023G, which were audited by Ernst & Young Professional Services (Professional LLC) and the accompanying notes thereto, which were prepared by the Group in accordance with International Financial Reporting Standards (IFRS) as endorsed in the KSA, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G, which were audited by Ernst & Young Professional Services (Professional LLC) and the accompanying notes thereto, which were prepared by the Group in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the KSA;
2. The Board of Directors declares that the Group has working capital sufficient for a period of at least 12 months from the date of this Prospectus;
3. The Board of Directors declares that there have been no material changes to the Group in the three financial years directly preceding the date of the application for the registration and offer of securities which is the subject of this Prospectus, in addition to the end of period covered in the Auditors report until the date of this Prospectus, except as disclosed in Section 6.4 (**"Group Overview"**);
4. The Board of Directors declares that no material change has been made in the Group's accounting policies, except as disclosed in Section 6.10.6 (**"Previous periods adjustments"**);
5. The Board of Directors declares that all material facts related to the Group and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents, or facts, the omission of which would make any statement herein misleading;
6. The Board of Directors declares that the Group has no holdings, including holdings in contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty, significantly affecting the assessment of the financial position, except as provided in Section 6.10.3.15 (**"Financial Assets at Fair Value Through Profit or Loss"**);
7. The Board of Directors acknowledges that there are no reservations in the Auditors' report on the Issuer's consolidated financial statements for any of the three financial years immediately preceding the date of the application for the registration and offer of securities, which is described hereunder;
8. The Board of Directors declares that there is no intention to introduce any material changes to the nature of the Group's activity;
9. The Board of Directors declares that operations have not been discontinued in a way that could affect or has affected the Group's financial position materially during the past 12 months;
10. The Board of Directors declares that the Group has provided comprehensive details in this Section of all fixed assets and investments, including contractual financial securities or other assets, which may be subject to fluctuations in value or may be difficult to estimate;
11. The Board of Directors declares that no commissions, discounts, brokerage fees or other non-cash compensation has been granted by the Group to any of the Board of Directors, proposed Board of Directors or senior executives during the three years immediately preceding the date of the application for the registration and offer of securities, which is described hereunder;
12. The Board of Directors declares that the Company's capital is not under option;

13. The Board of Directors declares that it is not aware, to the best of its knowledge, of any seasonal factors or economic cycles related to the business that may have an effect on the Group's businesses or its financial position, except as disclosed in Section 2 ("**Risk Factors**");
14. The Board of Directors declares that the properties of the Group are not subject to any mortgages, rights, or encumbrances As at the date of this Prospectus, except as disclosed in Section 12.9 ("**Credit Facilities and Contracts**");
15. The members of the Board of Directors declare that they do not have any shareholding or interest of any kind in the Group, nor does any of their relatives, except as disclosed in Section 5.1.1 ("**Composition of the Board of Directors**");
16. The Board of Directors declares that the Group has no loans or other indebtedness, either covered by personal guarantee or non-personal guarantee or covered by mortgage, including bank overdrafts, guaranteed commitments, commitments under acceptance, acceptance credits, or rental purchase commitments, as at 31 December 2023G, except as provided in Section 12.9 ("**Credit Facilities and Contracts**");
17. The Board of Directors declares that the Group has not made any capital adjustments within the three years immediately preceding the date of this Prospectus, except as disclosed in Section 4.5 ("**Overview of the Ownership Structure of the Company and Evolution Thereof**");
18. The Board of Directors declares that the Group has no information about any governmental, financial, monetary, or macroeconomic policies, or any other factors that have affected or could materially affect (directly or indirectly) the operations of the Group, except as disclosed in Section 2 ("**Risk Factors**");
19. The Board of Directors declares that the Group has no significant assets under lease, except as disclosed in Section 6.10.3.1.2 ("**Right-of-Use Assets**") and Section 6.10.3.1.3 ("**Investment Properties**");
- and
20. The Board of Directors declares that the Group has no contingent liabilities or guarantees, except for what has been disclosed in Section 6.10.3.4.1 ("**Loans and Borrowings**").

6.3 Main Risks Affecting the Company's Operations

6.3.1 Risks Related to Delays in the Company's Project Development

The Company develops projects it owns, as well as projects owned through investment funds, joint-venture projects, and projects owned by third parties. For further details on the Company's business model and these four models, please refer to Section 4.9.2 ("**Business Model**").

By nature, the Group's operations primarily rely on real estate project development and sales. As of 30 September 2024G, the Company has projects under development by the Group that are being sold as Completed Inventory Properties or, on behalf of clients, as Real Estate Development Income:

- Sales of Completed Inventory Properties: Expected revenue from ready-to-sell units is SAR 442.7 million (0.5 times the revenue from the sale of Completed Inventory Properties for FY2023G). The total anticipated revenue from ongoing projects, based on management's estimates, is SAR 1,501.3 million (1.8 times the revenue from the sale of Completed Inventory Properties for FY2023G). In line with the timelines set by management, work on 580 residential units is expected to be completed in FY2025G. It should be noted that there may be some delay in the execution of these projects.
- Real Estate Development Income: The Group currently has a portfolio of real estate projects under execution valued at a total of SAR 106.3 million, comprising six projects expected to be completed by the end of FY2027G. According to the anticipated timeline for each project, the Group is expected to record additional revenue of SAR 41.8 million during FY2025G. The Company currently has twenty (20) projects under construction across all of its business models. Several factors may affect the time and costs incurred on construction work, including:
 - Delays in obtaining all, or refusals of any, necessary zoning, land use, building, development, occupancy, and other required governmental permits, requisite licenses, permits, approvals, and authorizations (including due to new regulatory frameworks);
 - Unforeseen engineering, environmental, or geological problems;
 - The Company's inability to obtain necessary financing arrangements on acceptable terms, or at all, and its inability to fund construction and capital improvements, and provide any necessary future performance guarantees that may be required during the construction process;
 - Defaults by, or the bankruptcy or insolvency of, main contractors vis-à-vis subcontractors;
 - Inadequate supporting infrastructure, including as a result of failure by third parties to provide utilities and transportation and other links that are necessary or desirable for successful project operation;

- Design or construction defects and otherwise failing to complete projects according to design specification;
- Shortages in, or defective materials and/or equipment, as well as shortages in labor, project managers, contractors and specialists, and shortages of and/or disputes with contractors or subcontractors;
- Increases in the cost of construction materials (for example, raw materials such as steel and other commodities common in the construction industry), energy, building equipment (including, in particular, cranes), labor, and/or other necessary supplies (due to rising commodity prices, inflation or otherwise);
- Strikes and work stoppages, or other labor disputes or disturbances affecting the Company's projects, contractors, sub-contractors or suppliers;
- Failure of contractors to meet agreed-upon timetables, in particular with respect to more complex or technically challenging developments (for example, due to the scale, height, or complex design of a development); and
- Adverse weather conditions, natural disasters, accidents, force majeure events, and/or changes in governmental priorities.

The average delay duration for Company project development in the previous three years is three (3) months, due to additional requirements and amendments to legislation and building codes, structural modifications that occur during construction, and other influences. Certainly, said delays significantly affects the life cycle of the project and its sales. In the years 2021G through 2023G, the Company faced delays in construction material supply and a delay in obtaining the required regulatory permits for four projects: Projects No. 129, 133, 147, and 148, when said projects experienced setbacks of up to nine months in the completion of the planned construction. As at the Nine-Month Period Ended 30 September 2024G, and based on project completion rates, the Company may face delays in projects No. 172, 174, 175, 178, and 180 due a delay in obtaining project building permits. For further information on the Company's projects, please refer to Section 4.9.3 ("Company's Significant Completed and Ongoing Projects").

Any of the above-mentioned factors can give rise to delays in the completion of construction or result in construction costs exceeding budgeted amounts. Projects subject to delays or cost overruns may take longer to complete, or fail to generate the originally anticipated revenue, cash flow, and profit margins. In addition, the targeted return on the investment in the project may not be realized. There can be no assurance that the revenue that the Company is able to generate from its projects will be sufficient to cover associated construction costs, if any of these factors were to occur. It should be noted that the Company may incur delay penalties from project owners if it fails to meet its development obligations by the agreed-upon completion dates specified in the relevant development agreements. The development agreements also specify penalties for delays in execution, as follows:

- Projects No. 133, 139C, 145, 147, 151, 169 (Sarh): 1% of the contract/project value for each week of delay, with a maximum of 10%.
- Project No. 160: 1% of the contract/project value for every 15 days of delay, with a maximum of 10%.
- Project No. 164: 0.5% of the contract/project value for each month of delay.
- Project No. 175: 1% of the contract/project value for each month of delay.

Moreover, the Company recognizes a portion of revenue generated from its ongoing projects based on the type of model used for the relevant project (e.g., projects owned by the Company, projects developed through funds, joint-ventures, or third-party development projects). The Company recognizes revenue in the form of sales of completed projects when it directly owns the project, or as development fees for providing development services according to the payment schedule in the relevant agreements, or according to the completion percentages of the projects. Material delays in development work will result in delayed revenue for the Company and lead to possible delay penalties in accordance with the relevant agreements. Delays can have a significant impact on the associated timing of revenue recognition, which can lead to fluctuations in financial results. This is particularly true with respect to high-value projects, in which any delay in construction progress can result in delays in revenue recognition.

Any of the aforementioned factors may have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

6.3.2 Risks Related to Development Contracts with Investment Funds

The Company undertakes some development projects through investment funds, with the Company owning units in the fund (ranging from 5% to 100% depending on the fund). The Company also acts as a developer in fund-owned projects. Revenue from contracts with investment funds to provide real estate development services in the financial year ended 31 December 2021G, the period ended 31 December 2022G, the period ended 31 December 2023G, and the Nine-Month Period Ended 30 September 2024G amounted to SAR 104 million, SAR 29 million, SAR 56 million, and SAR 22 million, respectively, representing 9.2%, 2.8%, 5.3%, 2.2%, respectively, of the Company's revenue. For further information, please refer to Sections 6.10.1.1.2 and 6.10.2.1.1.4 ("Real Estate Development Revenue"). For

further information on investment funds, please refer to Section 4.7.1 (“**Overview of Subsidiaries and Real Estate Funds**”).

With regard to projects that it develops through funds, the Company shall always ensure that the projects it develops comply with the objectives of the fund itself and the Real Estate Investment Trust (REIT) regulations in force in the Kingdom of Saudi Arabia. Therefore, adopting the REIT structure can lead to more complex compliance procedures defined and regulated by the CMA. Given the nature of the REIT structures, the developer shares their interest in the project with several other fund unitholders. Moreover, to achieve balance and protect the interests of unitholders, a fund manager is appointed to handle the day-to-day functions of the fund. Therefore, a developer cannot be considered in control over the project, even if they have already been appointed as a developer. Furthermore, for the same purpose, funds have a Board of Directors appointed by the fund manager (including independent members) that take certain decisions on behalf of and for the fund. Additionally, a REIT structure often entails a slower decision-making process (when compared to projects that do not use such structure) due to a more complex governance structure. For example, project contracts must usually be approved by the designated fund’s Board of Directors before they are signed by the developer, and this can lead to delays in the development schedule. Moreover, in some cases, the Company executes contracts with investment funds to provide marketing services and sell residential units for a percentage of the sale price. However, there is no guarantee that investment funds will execute such contract with the Company to provide these services in future projects.

Moreover, there is no guarantee that investment funds will continue to award the Company new development or marketing and sale contracts, nor that relations with investment funds will be maintained or renewed on appropriate terms. Investment funds may also terminate development agreements or change the terms in a manner that does not suit the Company. In the event of non-renewal, obtaining new agreements, or termination, this would have a material adverse effect on the Company’s business, results of operations, financial position, and future prospects.

6.3.3 Risks Related to the Group’s Ongoing Projects

The Company has forty-nine (49) ongoing projects as at the date of this Prospectus (including those that have been developed and are currently for sale, projects under development, or projects in the design/planning stage). Out of the forty-nine (49) projects, nineteen (19) material projects are currently under development, and they are Projects No. 129, No. 133, No. 139 (c), No. 145, No. 147, No. 148, No. 151, No. 154, No. 156, No. 160, No. 162, No. 164, No. 165, No. 168, No. 169 (Sarh), No. 175, and No. 185, as well as the Masharef AlMajdiah Project. With regard to the projects under development, there are several risks associated with the development phase due to the nature of the development work. Such risks do not face the Company specifically. Rather, they are general to the field of development. These includes:

- **Market Risks:** Fluctuations in the real estate market conditions, including changes in property demand, prices, and interest rates, can affect the profitability of projects and sales.
- **Regulatory Risks:** Changes to planning laws, building codes, and other regulations applicable in Saudi Arabia can affect project timelines and costs.
- **Financial Risks:** Unexpected increases in construction costs, financing delays, or cash-flow disruptions can strain financial resources, affecting the Company’s ability to complete projects on time and within budget.
- **Construction Risks:** Delays due to unforeseen conditions at development sites, labor shortages, or problems in contractors’ performance can incur increased project costs and prolong their schedules.
- **Environmental Risks:** Environmental factors such as adverse weather conditions, natural disasters, and site pollution can disrupt construction activities and incur additional mitigation and recovery expenses.
- **Supply Chain Risks:** Timely delivery of materials and equipment is crucial. Therefore, disruptions in the supply chain can cause delays and increased costs.
- **Reputational Risks:** Quality control issues, safety incidents, or failure to meet project deadlines can damage the Company’s reputation, hence impacting future business opportunities and investor confidence.
- **Economic Risks:** General economic conditions, including recessions or economic slowdowns, can reduce demand for new projects and affect the Company’s ability to sell or lease property.

The Company recognizes revenue from its ongoing projects as part of the revenue thereof based on the type of model used for the relevant project (e.g., projects owned by the Company, projects developed through funds or joint ventures, or third-party development projects). The Company recognizes revenue in the form of sales of completed projects when it directly owns the project, or as development fees for providing development services according to the payment schedule in the relevant agreements, or according to the completion percentages of the projects. In turn, material delays in the construction process will delay the revenue the Company can realize. For example, during the years 2021G to 2023G, the Company faced delays in receiving construction material and

a delay in obtaining the required regulatory permits for three projects: No. 129, No. 133 and No. 147. As at the Nine-Month Period Ended 30 September 2024G, the Company may face delays in projects No. 172, 174, 175, 178, and 180 due a delay in obtaining project building permits, based on the project completion rates. These projects faced delays of up to nine months in completing the planned construction. Delays can have a significant impact on the associated timing of revenue recognition, which can lead to potentially significant fluctuations in financial results. This is particularly true with respect to high value projects in which even a small delay in the construction progress can result in delays in recognizing large amounts of revenue.

The Company plans to undertake several new projects or work to improve or modify existing ones. These future plans may be exposed to the above risks, which may be exacerbated depending on the size and complexity of the project. There is no guarantee that a future project will be completed properly, within the set timeframe, and according to its expected cost. Failure to achieve that would affect the Company's business, financial position, results of operations, and future prospects.

6.3.4 Risks Related to the Impact of Increased Operating Expenses and Revenue Costs on the Company's Business

The Company's operating expenses, representing the total general and administrative expenses, and sales and marketing expenses, may increase as a result of a number of factors (for further details about the financial and operational performance of the Company, see Section 6 ("Management's Discussion and Analysis of Financial Condition and Results of Operations"), including, but not limited to, salaries of the Company's employees, headquarters rents, compulsory insurance fees, and operational service charges, such as power, water, and telecommunications. In addition, any further increase in Saudization requirements of the workforce in Company activities may lead to an increase in the Company's operational expenditure (see Section 2.25 ("Risks Related to Saudization, Foreign Labor and other Labor Law Requirements"). The Company's operating expenses amounted to SAR 38 million, SAR 64 million, SAR 105 million, and SAR 52 million, and SAR 57 million, respectively, equivalent to 3.3%, 6.2%, 10.1%, 7.5%, and 5.6% of the Company's total revenue for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Period Ended 30 September 2023G and the Nine-Month Period Ended 30 September 2024G, respectively. Operating expenses increased when compared to 2021G, primarily due to higher salaries, fund management fees, and marketing expenses. For further information on the analysis of operating expenses, please refer to Section 6.10.13 ("General and Administrative Expenses") of this Prospectus. Any increases in the Company's operating costs will also reduce its cash flow, profit margin, and funds available for operation of the Company's existing projects and for future expansion. In turn, the Company's business, results of operations, financial position, and future prospects would be adversely and materially affected.

Revenue costs for the Company's activities have increased due to a combination of factors including, but not limited to, land prices, increased contractor costs, costs of raw materials used in construction, prices of basic commodities, costs of outsourcing services, labor costs, costs of fuel, water, and power, as well as repair and maintenance costs. It should be noted that fuel, water, and power charges have increased in the past years, and for further details on this, please refer to Section 2.2.15 ("Risks Related to the Prices of Electricity, Water and other Services"). The cost of sale of completed inventory properties for the Company amounted to SAR 454 million⁽³²⁾, SAR 565 million, SAR 684 million, SAR 464 million, and SAR 623 million, respectively, equivalent to 61.3%, 79.4%, 80.1%, 77.2%, and 78.9% of the Company's revenue from sale of completed inventory properties for the financial years ended 31 December 2021G, 31 December 2022G, and 31 December 2023G, and the Nine-Month Period Ended 30 September 2023G and the Nine-Month Period Ended 30 September 2024G, respectively. For further information, please refer to Section 6.10.12 ("Operating Costs") of this Prospectus. Increased revenue costs may result in a decrease in the Company's cash flows, profit margin, and amounts available for the Company's future expansion. In turn, the Company's business, results of operations, financial position, and future prospects would be adversely and materially affected.

6.3.5 Risks Related to the Company's and Affiliated Investment Funds' Existing Financial Facilities

The Company and affiliated investment funds have entered into banking facility agreements with AlRajhi Bank, Banque Saudi Fransi, Arab National Bank, Riyad Bank, and Amlak Real Estate Finance. The loans were mainly obtained to develop projects owned by the Company, where the land and constructed projects financed by the loans are held as collateral by the lending bank.

Additionally, Emmar Opportunities Real Estate Company (Single Person Company), a special purpose entity associated with the AlMajdiah Investment Fund, has entered into a facilities agreement with Arab National Bank to finance investments in income-generating assets and to develop projects or invest in other real estate investment funds. Real Estate Construction Opportunities Company, a special purpose entity associated with AlDar Investment Fund, has also entered into a facilities agreement with Riyad Bank. Notably, Real Estate Construction Opportunities Company is required to provide a mortgage on the financed valued at no less than 150% of the total financing amount.

³² Except for a sum of SAR 70 million related to the cost of lands sold, which were reclassified as costs of sale of completed inventory properties.

The Company is party to the following financial facilities:

- a. Facilities agreement between AlRajhi Bank and the Company (formerly Nasser and Abdulsalam Abdulrahman AlMajed Real Estate Company) dated 28/04/2021G, for a total amount of SAR 670,000,000, which was renewed on 23/08/2022G to increase the total available facilities to SAR 720,000,000 ("**AlRajhi Bank Facilities**"). As at 30/09/2024G, a total of SAR 256,388,265 has been utilized as follows:
 - Sublimit of the main limit (a): A deferred sale facility of SAR 675,000,000. The facility is being used to finance 75% of the acquisition, development, and construction of a new residential project. The amount utilized is SAR 211,388,265 as at 30/09/2024G, at a profit margin rate of 6-month SAIBOR + 2% annually.
 - Sublimit of the main limit (a): A deferred sale facility of SAR 45,000,000 to finance the Company's general working capital requirements. The amount utilized is SAR 45,000,000 as at 30/09/2024G, at a profit margin rate of SAIBOR + 2.5% annually.
 - AlRajhi Bank reserves the right, from time to time and at its sole discretion, to amend any of the provisions of the financing documents and modify the facilities, including adjusting the profit margin on any unused portion of the facility limit, as deemed appropriate thereby. Under the AlRajhi Bank's facilities, the Company undertakes:
 - To assign the revenue of each project in favor of AlRajhi Bank.
 - Not to obtain any loans or provide any credit (except in the ordinary course of business), or offer any guarantees or indemnities (except as required under AlRajhi Bank's facilities) for the benefit of any person, without obtaining prior written consent from AlRajhi Bank. Additionally, not to pledge or allow any financial encumbrance on any of its current or future revenue or assets, except for the permitted financial encumbrances.
 - Not to (and to ensure that no member of the Group will) issue any new shares, change the rights attached to its shares, or make any changes to its capital without obtaining prior written consent from AlRajhi Bank.
 - To notify the Bank of any changes in the ownership of the issued capital.
 - To obtain written approval from AlRajhi Bank for any change in the Company's capital. The Company received AlRajhi Bank's approval on 06/06/2024G regarding the Offering.
 - To provide any additional guarantees requested by AlRajhi Bank at any time at its sole discretion, which the Company undertakes to provide upon request.
 - Non-pledging, whereby the Company guarantees that no financial encumbrance will be placed on any current or future revenue or assets, except for permitted financial encumbrances.

The AlRajhi Bank Facilities are secured by:

- A real estate mortgage agreement in favor of AlRajhi Bank, covering 100% of the facility value at the time of granting and no less than 150% coverage upon project completion.
- Corporate guarantees from Taj AlHodou Real Estate Development & Investment Company, Fikrat Istithmar Real Estate Development & Investment Company, Nibras AlAmaken Real Estate Development Company, Jadat AlShat'e Real Estate Company, AlRaeah Real Estate Company, Hussam and Majed AlMajed Real Estate Company, and Mohammed and Khaled AlMajed Real Estate Company.
- The Company undertakes to provide mortgages on properties in favor of AlRajhi Bank with 100% coverage of the deferred sale facility (SAR 45,000,000) and mortgaging units owned in the AlDar Investment Fund equivalent to the outstanding balance of the deferred sale facility (SAR 45,000,000).
- To assign the revenue of each project in favor of AlRajhi Bank.

The agreement also includes standard default events, such as failure to pay any amounts when due or if any covenant or warranty is found to be inaccurate, among others. Upon an event of default and notification by the Bank to the Company, the following actions may be taken: (a) cancel the available facility and/or (b) require the Company to immediately pay all outstanding amounts due and/or (c) request the Company and its guarantors to secure funds in an account designated by AlRajhi Bank as cash coverage to meet the Company's obligations and/or (d) exercise any of the Bank's rights or corrective measures and (e) set off and/or (f) sell any of the Company's assets held by or under the control of the Bank and/or (g) sell any real estate or movable property provided by the Company and/or (h) seize an amount equivalent to all outstanding amounts owed by the Company.

- b. Facilities agreement between Masar for Finance and the Company (formerly Nasser and Abdulsalam Abdulrahman AlMajed Real Estate Company) dated 02/04/2024G for a total amount of SAR 177,000,000 ("**Masar for Finance Facilities**"), at a profit margin rate of 5.5% annually, with a total amount of SAR 173,150,000 used from the facility as at 30/09/2024G. The purpose of this facility is to finance the development of three residential real estate projects.

Under the Masar for Finance Facilities, if the Company delays the utilization of all or part of the facilities within the usage period, Masar for Finance may suspend or cancel the granting of facilities at its discretion.

Masar for Finance also reserves the right to suspend, cancel, or reduce the facilities at any time at its absolute discretion, without prior notice to the Company, and to demand the repayment of all outstanding amounts and expenses.

Additionally, Masar for Finance has the right to adjust the profit margin on any unused portion of the facility limit from time to time as it deems appropriate.

The facility agreement is secured by real estate guarantees with a coverage ratio of no less than 130% of the total financing value. At any time at its sole discretion, Masar for Finance has the right to request that the Company provides additional guarantees, which the Company undertakes to provide upon request.

The agreement includes standard default events, such as failure to pay any amounts when due or if any covenant or warranty is found to be inaccurate. It also grants Masar for Finance the right to terminate the agreement if any situation arises that is deemed to have a material and adverse impact on the Company's operations, financial position, or activities, or those of the guarantors. Upon notifying the Company, Masar for Finance may: (a) Cancel the available facility; (b) Demand immediate payment of all outstanding amounts by the Company; (c) Demand that the Company and its guarantors make a cash deposit into the account specified by Masar for Finance to cover the Company's obligations. The Company shall notify and obtain approval from Masar for Finance before making any changes to its legal status and/or ownership. The Company received approval from Masar for Finance on 01/10/2024G, agreeing to the Offering and waiving the termination clause of the agreement.

- c. Facilities agreement between Banque Saudi Fransi and the Company dated 19/11/2023G for a total amount of SAR 550,000,000 ("**Banque Saudi Fransi Facilities**"), at a profit margin rate of 6-month SAIBOR + 15% annually; of which SAR 208,485,600 had been utilized as at 30/09/2024G. The purpose of this facility is to finance the purchase of land, the development of real estate projects, and Islamic interest rate hedging.

Under the facilities provided by Banque Saudi Fransi, the Company undertakes:

- Not to make any changes to the individuals controlling the Company, merge with other entities, restructure, or alter the capital structure of the Company through the issuance, creation, or guarantee of debt, or the issuance of (i) preferred shares or securities convertible into or exchangeable for debt or preferred shares, or (ii) any equity rights for entities other than corporations.
- To notify and obtain the approval of Banque Saudi Fransi before making any changes to its legal status and/or ownership. The Company received approval from Banque Saudi Fransi on 29/09/2024G, agreeing to the Offering.
- Provide a promissory note valued at SAR 550,000,000 upon demand.
- Ensure that financial leverage does not exceed 1.8x.

Banque Saudi Fransi has the right, without the need to notify the Company or obtain its approval, to consolidate or unify the accounts and deduct any amounts from these accounts to settle the Company's obligations to the Bank, which also has the right to withdraw or cancel all or any part of the financing, reduce the approved limit, adjust margin rates, increase the required cash collateral if any, and demand the repayment of all financing, including the margin, within a maximum period of 15 days upon written notice to the Company.

The Bank also reserves the right not to renew the financing if the Company refuses to cooperate in registering the guarantees.

It should be noted that the facilities with Banque Saudi Fransi are subject to a debt service coverage ratio (DSCR) of 125% for the duration of the loan facility agreement.

The Banque Saudi Fransi Facilities are secured by:

- Mortgaged property deeds covering at least 110% of the total financing value.
- Assignment of project revenue if the project is with the Ministry of Housing, the National Housing Company, or owned by the Company.

The agreement includes standard default events, such as failure to pay any amounts when due or if any covenant or warranty is found to be inaccurate. Upon notification to the Company, the following actions may be taken: (a) terminate Banque Saudi Fransi's obligations under this agreement, and (b) declare that the deferred price has become immediately due and demand the Company to pay all outstanding amounts.

- d. Facilities agreement between Riyad Bank and the Company dated 05/09/2023G for a total amount of SAR 500,000,000 ("**Riyad Bank Agreement**") at a profit margin rate of 6-month SAIBOR + 1.5% annually, of which a total of SAR 11,383,000 had been utilized as at 31/09/2024G. The purpose of this facility is to finance 75% of the total purchase price of land and construction costs of two projects.

- e. Riyadh Bank may seize any amount, negotiable instruments, documents, or any funds in its possession to cover unpaid outstanding amounts.

Under the Riyadh Bank agreement, the Company undertakes:

- Not to make any changes to its legal form, partners, their responsibilities, its capital, liabilities to third parties, business activities, capacity, or any other matters that may affect the validity of the Riyadh Bank agreement.
- To notify Riyadh Bank immediately upon making any of these changes. The Company obtained written approval from Riyadh Bank for the Offering on 13/10/2024G.
- To pay a penalty of 10% on the total outstanding amount owed by the Company if the latter delays payment of any installment for 15 days past its due date, following notification to the Company.

The Riyadh Bank Agreement is secured by:

- A real estate mortgage on the funded property, covering no less than 133% of the total financing value.
- Assignment of project revenue or income-generating property revenue to the intermediary account.

The agreement includes standard default events, such as failure to pay any amounts when due or if there is a legal action or proceeding for the liquidation of the Company or the appointment of a judicial receiver. In the event of a default, all installments become immediately due and payable (Article 11). Any Company decisions to change its legal structure or to merge require prior written approval from Riyadh Bank to avoid constituting an event of default.

For further information on the Company's facility agreements, please refer to Section 12.9 ("**Credit Facilities and Contracts**"), Table 12.46 ("**Facility Agreement between AlRajhi Banking & Investment Corporation and Dar AlMajed Real Estate Company dated 23/08/2022G with a total value of SAR 720,000,000**") and Table 12.47 ("**Facility Agreement between Masar for Finance and Dar AlMajed Real Estate Company dated 02/04/2024G with a total value of SAR 177,000,000**") of this Prospectus.

In addition to the above, the above facility agreements provide various provisions to safeguard the interests of the lenders. For example, both AlRajhi Bank, Masar for Finance, and Riyadh Bank, under their respective facilities, have the right to request additional guarantees from the Company at any time at their sole discretion, and the Company undertakes to provide such guarantees upon request. AlRajhi Bank and Masar for Finance also have the right, from time to time and at their sole discretion, to individually amend any provisions of the financing documents and modify the facilities. Lenders also have the right to adjust the mark-up. Moreover, under the AlRajhi Bank and Riyadh Bank Facilities, the Company warrants not to obtain any loans, grant any credit (except in the ordinary course of business), or provide any guarantee or indemnity for the benefit of any person without obtaining prior written consent from AlRajhi Bank or Riyadh Bank. These facilities include customary conditions, such as a negative pledge, where the Company guarantees that no financial encumbrance will be placed on any of the current or future revenue or assets, except for permitted financial encumbrances.

In the event that the Company breaches any of its obligations under the documents related to the aforementioned facilities, the lender has the right to demand the repayment of all outstanding amounts from the Company, considering them immediately due. The lender may also enforce its rights over the mortgaged assets (see Risks 2.124 below). Additionally, such a breach could lead to a demand for repayment under the guarantees provided by the Company and its subsidiaries (for further details on the guarantees, please refer to Section 12.9 ("**Credit Facilities and Contracts**") of this Prospectus).

Moreover, it is worth noting that there are several guarantees in favor of the lenders, which include:

- a. The guarantees under the AlRajhi Bank Facilities provided by: (i) a real estate mortgage agreement in favor of AlRajhi Bank with 100% coverage of the facility value at the time of granting and coverage of no less than 150% upon project completion. (ii) Corporate guarantees provided by: (a) Taj AlHodou Real Estate Development & Investment Company; (b) Fikrat Istithmar Real Estate Development & Investment Company; (c) Nibras AlAmaken Real Estate Development Company; (d) Jadat AlShat'e Real Estate Company; (e) AlRaeah Real Estate Company; (f) Hussam and Majed AlMajed Real Estate Company; and (g) Mohammed and Khaled AlMajed Real Estate Company. (iii) A mortgage on real estate in favor of AlRajhi Bank with 100% coverage of the value of the deferred sale facility (SAR 45,000,000), and a mortgage on real estate units owned in AlDar Investment Fund in favor of AlRajhi Bank, equivalent to the outstanding balance of the deferred sale facility (SAR 45,000,000), and (iv) an assignment of the revenue of each project in favor of AlRajhi Bank.
- b. The guarantees under the Masar for Finance Facilities: A real estate mortgage (real estate guarantees of no less than 130% of the total financing value).
- c. The guarantees under the Banque Saudi Fransi Facilities: (i) Mortgaged property deeds covering at least 110% of the total financing value; and (ii) assignment of project revenue if the project is with the Ministry of Housing, the National Housing Company, or owned by the Company.

- d. The guarantees under the Riyadh Bank Facilities: (i) A real estate mortgage on the financed property, covering no less than 133% of the total financing value, and (ii) the assignment of project revenue or income-generating property revenue to the intermediary account.

It should be noted that if any of the guarantors withdraw their guarantees, fail to renew them, or if these guarantees expire or become invalid for any reason, the latter will be considered a breach by the Company under the facilities, granting the lenders the right to demand immediate repayment of the outstanding amounts.

If any of the aforementioned risks materializes, it will have a negative impact on the Company's business, results of operations, financial position, and future prospects.

In addition to the above, Emmar Opportunities Real Estate Company (Single Person Company), Real Estate Construction Opportunities Company, and Jawhara Opportunity Real Estate Company have signed the following agreements:

- e. Emmar Opportunities Real Estate Company (Single Person Company): An agreement for a loan from Arab National Bank dated 05/10/2023G for SAR 200 million, and financing was increased to SAR 400 million pursuant to a declaration of increase and amendment to credit facilities dated 04/01/2024G ("Arab National Bank Agreement") to finance investments in income-generating assets, project development, or investment in other real estate funds, with a SAIBOR +2.5% margin.

Emmar Opportunities Real Estate Company (Single Person Company) undertakes to maintain its financial, administrative, and legal status, ownership of the establishment, and business activities. The company also undertakes not to declare or pay any dividends to partners/shareholders or repay any loans to partners/shareholders in the event of any default (noting that these obligations fall on Emmar Opportunities Real Estate Company (Single Person Company) and not the Company).

The Arab National Bank Agreement is secured by:

- A promissory note for SAR 400 million.
- A real estate mortgage for 150% of the drawn tranche of financing.
- Assignment of income from units and mortgaged properties to the bank.

Arab National Bank has the right to request additional guarantees from Emmar Opportunities Real Estate Company (Single Person Company), which undertakes to provide them upon request in a form acceptable to the Bank. If there are buildings on the mortgaged properties, Emmar Opportunities Real Estate Company (Single Person Company) is required to insure the buildings at its own expense for the duration of the financing. The insurance policy must be issued by approved insurance companies, cover the full value of the insured buildings, and be endorsed in favor of the bank as the first beneficiary.

The agreement includes standard default events, such as failure to pay any amounts when due, any change in the ownership or control of Emmar Opportunities Real Estate Company (Single Person Company), or if any covenant or warranty is found inaccurate. Without notification, the Bank may: (a) cancel the facilities and consider the outstanding balance, including accrued amounts arising under this agreement, due immediately and (b) declare the deferred price immediately due and demand payment of all outstanding amounts.

- f. Real Estate Construction Opportunities Company: A facility agreement with Riyadh Bank dated 07/02/2021G for a total amount of SAR 655,000,000 ("Riyad Bank Agreement for Real Estate Construction Opportunities Company") with an annual profit margin of SAIBOR +2%, fully settled on 21/08/2023G.

Under the Riyadh Bank Agreement, Real Estate Construction Opportunities Company is prohibited from making any changes to its legal form, partners, responsibilities, capital, obligations to others, business activity, eligibility, or any other aspect that may impact the validity of the Riyadh Bank Agreement. The Company must notify Riyadh Bank immediately upon making any such changes (noting that these obligations fall on Real Estate Construction Opportunities Company and not the Company). If Real Estate Construction Opportunities Company delays payment of any installment for 15 days beyond its due date, it will be required to pay a late fee of 10% of the outstanding amount. Riyadh Bank may also seize any amount, negotiable instruments, or other assets in its possession to cover outstanding unpaid amounts.

The agreement includes standard default events, such as non-payment, any legal action for the liquidation of Real Estate Construction Opportunities Company, or the appointment of a judicial receiver. In the event of a default, all remaining installments become immediately due. Decisions by Real Estate Construction Opportunities Company to change its legal form or merge require prior written approval from Riyadh Bank to avoid constituting an event of default.

The Riyadh Bank Agreement is secured by a real estate mortgage for the financed property, covering at least 150% of the total financing.

As of 30 September 2024G, the total value of facilities between banks and the company was SAR 1,947,000,000, with SAR 750,406,865 utilized. Total facilities with AIMajdiah Investment Fund amounted to SAR 400,000,000, with SAR 313,550,248 utilized.

6.3.6 Risks Related to Changes in Interest Rates

The Company relies on financing facilities from commercial banks for its expansion activities. Therefore, the Company's external financing arrangements are significantly affected by interest rates, which are highly sensitive to several factors beyond the Company's control, including government, monetary, and tax policies, as well as local and global economic and political conditions. In the event of a change in the SAIBOR rate.

It is noteworthy that the Company has existing credit facility agreements with:

- a. AlRajhi Bank at 6-month SAIBOR plus 2% annually for the deferred sale facility amounting to SAR 675,000,000, and SAIBOR plus 2.4% annually for the deferred sale facility amounting to SAR 45,000,000.
- b. Masar for Finance at a profit margin rate of 5.5% annually.
- c. Banque Saudi Fransi at a profit margin rate of 6-month SAIBOR + 1.5% annually.
- d. Riyadh Bank at a profit margin rate of 6-month SAIBOR + 1.5% annually.

It is worth noting that interest rates have gradually increased from 0.84% as at 31 December 2021G to 5.5% as at 30 September 2024G. Based thereon, if the Company wishes to obtain additional financing under any circumstances, the increase in interest rates and related financing cost may lead to a reduction in the Company's profitability and cash flows, which could have a material negative impact on the Company's business, results of operations, financial position, and future prospects. As a result of the increase in the SAIBOR rate, the financing fees incurred by the Company increased from SAR 3.4 million in FY2021G to SAR 11.9 million in FY2022G and SAR 13.1 million in FY2023G.

In addition to the above:

- Emmar Opportunities Real Estate Company (Single Person Company) has a facility agreement with Arab National Bank at an annual SAIBOR +2.5% margin.
- Real Estate Construction Opportunities Company has a facility agreement with Riyadh Bank at an annual SAIBOR +2% margin.
- Jawhara Opportunity Real Estate Company** has a facility agreement with Banque Saudi Fransi at an annual SAIBOR +2% margin.

As of 30 September 2024G, any increase or decrease in the SAIBOR rate by 0.25% would impact the Company's costs by SAR 2.1 million annually.

6.3.7 Risks Related to the Reporting Environment

In FY2021G, the Company implemented the Microsoft Dynamics ERP system to manage accounting, and later transitioned from Microsoft Dynamics ERP to ERP Next, currently integrating the system with the sales system. The human resources department operates using the Jisr system. However, all other departments and operations, specifically sales, supply chain management, human resources, and project management, are currently using a separate system developed by a third party. It should be noted that this developed system is not integrated with the ERP system, which has resulted in key financial and operational reporting, especially related to the Sales from the Completed Inventory Properties and the real estate development sector, requiring manual intervention from management and the collection of data from multiple sources. Additionally, the appointment of the current financial management team in March 2023G led to inconsistencies in the financial data for Q1 2023G compared to year-end 2023G figures and Q1 2024G figures, which resulted in reclassifications and adjustments between general administrative expenses and operational expenses at the year's end. It should be noted that from 2024G until the date of this Prospectus, management has implemented a new Enterprise Resource Planning (ERP) system across all subsidiaries (excluding funds). This system integrates various departments and divisions.

The Company does not track the cost analysis of construction work by nature, relying instead on a main contractor for turnkey projects, who provides the full cost of project development, rather than managing a number of subcontractors. However, construction costs increased during the financial years ended 31 December 2021G, 31 December 2022G, and 31 December 2023G, the Nine-Month Period Ended 30 September 2023G, and the Nine-Month Period Ended 30 September 2024G, rising to SAR 2.4 thousand, SAR 3.1 thousand, SAR 3.2 thousand, SAR 3.1 thousand, and SAR 2.9 thousand, respectively. Management has not been able to measure the impact of rising raw material costs or the effect of adopting higher construction standards in projects. Monitoring the different cost sources per project and their impact on profitability is a key step in analyzing the financial performance of the Group and its ability to budget for future projects, effectively manage costs, and monitor required cash flows.

The Company's ability to scale its business and increase profitability in the future depends on its ability to continue implementing and improving its operational, financial, and administrative information systems in an effective and timely manner. The controls and procedures the Company currently implements may not be sufficient or effective in all circumstances, and if these procedures and controls are deficient, the Group's business, financial position, and future prospects could be significantly and adversely affected.

6.4 Group Overview

Dar AlMajed Real Estate Company (the "Group" or "Parent Group") was established as a Saudi closed joint stock company under the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 1010417874 issued on 20/08/1435H (corresponding to 18/09/2014G).

The Group and its Subsidiaries are engaged in general construction of residential buildings, construction of prefabricated buildings on-site, restoration of residential and non-residential buildings, purchase and sale of land and real estate, dividing them and off-plan sales activities, management and leasing of real estate with own or leased property (residential and non-residential), management and operation of hotel apartments, and real estate management activities for a commission.

A. Consolidated Subsidiaries

The consolidated financial statements include the financial statements of the Group and the following Subsidiaries (collectively referred to as the "Group"):

Table 6.1: Consolidated Subsidiaries

Name	Country of Incorporation	As at 31/12/2021G	As at 31/12/2022G	As at 31/12/2023G	As at 30/09/2024G
Mohammed and Khaled AlMajed Real Estate Company ⁽¹⁾	KSA	100%	100%	100%	100%
Hussam and Majed AlMajed Real Estate Company ⁽²⁾	KSA	100%	100%	100%	100%
Fikrat Istithmar Real Estate Development & Investment Company ⁽³⁾	KSA	100%	100%	100%	100%
Nibras AlAmaken Real Estate Development Company ⁽⁴⁾	KSA	100%	100%	100%	100%
Taj AlHodou Real Estate Development & Investment Company ⁽⁵⁾	KSA	100%	100%	100%	100%
AlRaeah Real Estate Company ⁽⁶⁾	KSA	100%	100%	100%	100%
Jadat AlShat'e Real Estate Company ⁽⁷⁾	KSA	70%	70%	70%	70%
Jadat AlRabe'a Real Estate Company ⁽⁸⁾	KSA	25%	25%	25%	25%
AlMajdiah Investment Fund ⁽⁹⁾	KSA	-	100%	100%	100%
AlDar Investment Fund ⁽¹⁰⁾	KSA	52%	70%	70%	70%
AlNarjis Investment Fund ⁽¹¹⁾	KSA	-	63.53%	63.53%	63.53%
Burj AlRaeah Real Estate Company ⁽¹²⁾	KSA	-	-	-	50%

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G and 31 December 2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

- ⁽¹⁾ During 2020G, the Group acquired Mohammed and Khaled AlMajed Real Estate Company, a limited liability company operating under the Saudi Companies Law pursuant to Commercial Registration No. 1010159804 issued on 25 Rabi' Al-Awwal 1421H corresponding to 27 June 2000G. The company's activities include: general construction of residential buildings, renovation of residential and non-residential buildings, land transportation of goods, purchase, sale and division of lands and properties, off-plan sales activities, management and leasing of owned or leased residential properties, and leasing of owned or leased non-residential real estate.
- ⁽²⁾ During 2020G, the Group acquired Hussam and Majed AlMajed Real Estate Company, a limited liability company operating under the Saudi Companies Law pursuant to Commercial Registration No. 1010425491 issued on 1 Dhu al-Hijjah 1435H (corresponding to 5 October 2014G). The company's activities include: general construction of residential buildings, renovation of residential and non-residential buildings, purchase, sale and division of land and properties, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), real estate brokerage activities (auction offices), and real estate management activities for a commission. Non-Saudis are not entitled to practice real estate activities in Makkah and Madinah.
- ⁽³⁾ During 2020G, the Group acquired Fikrat Istithmar Real Estate Development & Investment Company, a limited liability company operating under the Saudi Companies Law pursuant to Commercial Registration No. 1010569523 issued on 27 Rajab 1440H (corresponding to 3 April 2019G). The company's activities include: construction of prefabricated buildings on-site, real estate development of residential buildings using modern construction methods, real estate development of commercial buildings using modern construction methods, purchase, sale and division of land and properties, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), management and operation of hotel apartments. Non-Saudis are not entitled to practice real estate activities in Makkah and Madinah.

- (4) During 2020G, the Group acquired Nibras AlAmaken Real Estate Development Company, a limited liability company operating under the Saudi Companies Law pursuant to Commercial Registration No. 1010587134 issued on 11 Dhu al-Qi'dah 1440H (corresponding to 14 July 2019G). The company's activities include: real estate development of residential buildings using modern construction methods, real estate development of commercial buildings using modern construction methods, purchase, sale and division of land and properties, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential). Non-Saudis are not entitled to practice real estate activities in Makkah and Madinah.
- (5) During 2020G, the Group acquired Taj AlHodou Real Estate Development & Investment Company, a limited liability company operating under the Saudi Companies Law pursuant to Commercial Registration No. 1010586987 issued on 8 Dhu Al-Qi'dah 1440H (corresponding to 11 July 2019G). The company's activities include: real estate development of residential buildings using modern construction methods, real estate development of commercial buildings using modern construction methods, purchase, sale and division of land and properties, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), and management and operation of hotel apartments. Non-Saudis are not entitled to practice real estate activities in Makkah and Madinah.
- (6) During 2021G, the Group established AlRaeah Real Estate Company, a single person limited liability company operating under the Saudi Companies Law pursuant to Commercial Registration No. 1010697309 issued on 18 Sha'ban 1442H (corresponding to March 31, 2021G). The company's activities include: general contracting for residential buildings using modern construction methods, purchase, sale and division of land and properties, and off-plan sales activities.
- (7) During 2021G, the Group acquired 350 shares (out of a total of 500 shares) in Jadat AlShat'e Real Estate Company, a limited liability company operating under the Saudi Companies Law pursuant to Commercial Registration No. 4030381446 issued on 09 Shawwal 1441H (corresponding to June 1, 2020G). The company is engaged in general contracting for residential buildings using modern construction methods, purchase and sale of properties and lands, and subdivision and off-plan sales activities.
- (8) During 2021G, the Group participated in the establishment of Jadat AlRabe'a Real Estate Company, a limited liability company operating under the Saudi Companies Law pursuant to Commercial Registration No. 1010662510 dated 3 Rabi'Al-Awwal 1442H (corresponding to October 20, 2020G). Dar AlMajed Real Estate Company owns 25 cash shares out of a total of 100 cash shares in Jadat AlRabe'a Real Estate Company. The remaining shares are in the name of the other shareholder. The Group manages and controls all of the Group's operations, funds, strategy and assets, and accordingly, these have been consolidated within the consolidated financial statements.
- (9) During 2022G, the Group participated in the establishment of AlMajdiah Investment Fund, a Shariah-compliant closed-ended real estate investment fund established by Jadwa Investment Company ("Fund Manager"), a Saudi closed joint stock company under Commercial Registration No. 1010228782. Dar AlMajed Real Estate Company owns 1,000,000 units out of a total of 1,000,000 units in AlMajdiah Investment Fund. The Fund covers a three-year term that can be extended twice for another year each time, upon the approval of the Fund Manager, subject to the approval of the Capital Market Authority.
- (10) During 2020G, the Group participated in the AlDar Investment Fund, a Shariah-compliant closed-ended real estate investment fund established by Jadwa Investment Company, a Saudi closed joint stock company under commercial registration number 1010228782. As at 31 December 2023G, the Group owns 27% directly and 43% indirectly of that company through AlMajdiah Investment Fund. The Fund covers a three-year term that can be extended twice for another year each time, upon the approval of the Fund Manager, subject to the approval of the Capital Market Authority. During 2023G, the majority of the Fund's Board of Directors approved the extension of the Fund's term for one further year, which was due to expire in April 2024G. The results of AlDar Investment Fund are consolidated within AlMajdiah Investment Fund.
- (11) During 2022G, the Group participated in AlNarjis Investment Fund, a Shariah-compliant closed-ended real estate investment fund established by Jadwa Investment Company, a Saudi closed joint stock company under commercial registration number 1010228782. As at 31 December 2023G, the Group owns 63.53% indirectly of that company through AlMajdiah Investment Fund. The Fund covers a three-year term that can be extended twice for another year each time, upon the approval of the Fund Manager, subject to the approval of the Capital Market Authority. The results of AlDar Investment Fund are consolidated within AlMajdiah Investment Fund.
- (12) During the Nine-Month Period Ended 30 September 2024G, AlRaeah Real Estate Company owned a 50% stake in Burj AlRaeah Real Estate Company, a limited-liability company under the Saudi Companies' Law, of Commercial Registration No. 100907328 issued on 11/01/1446H (corresponding to 17/07/2024G).

6.5 Information on Material Accounting Policies

6.5.1 Basis of Preparation

6.5.1.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the SOCPA (hereinafter referred to as "IFRS-KSA").

The condensed consolidated financial statements have been prepared in accordance with IAS 34 (Interim Financial Reporting) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA.

The significant accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023G, except for new standards and amendments effective from 1 January 2024G.

The interim condensed consolidated financial statements for the Ninth-Month Period Ended 30 September 2024G do not include all the information and disclosures required in the annual financial statements, which should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023G. In addition, the results for the Nine-Month Period ended 30 September 2024G are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024G.

The new Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30 June 2022G) (referred to as the "New Companies Law") came into effect on 26/6/1444H (corresponding to 19 January 2023G). For some provisions of the New Companies Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023G). Management is assessing the impact of the New Companies Law and will amend its Bylaws in order to reflect the relevant changes and align with the provisions of the New Companies Law. Subsequently, the Group shall submit the amended Bylaws to the shareholders at the Annual / Extraordinary General Assembly Meeting for approval.

6.5.1.2 Historical Cost Basis

The Group's consolidated financial statements and condensed interim consolidated financial statements have been prepared on the historical cost basis, except for real estate investments, financial assets at fair value through profit or loss which are measured at fair value, and end-of-service benefits, which are measured using the projected unit credit method.

6.5.1.3 Basis of Measurement

These consolidated financial statements are presented in Saudi riyals, which is also the Group's functional and presentation currency. These consolidated financial statements have been rounded to the nearest Saudi riyal, unless otherwise indicated.

6.5.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Dar AlMajed Real Estate Company and its Subsidiaries as at 31 December 2023G. The Group controls an enterprise, when the Group is exposed to variable returns or has rights to these returns as a result of its participation in the investee and also has the ability to influence these returns through the influence it exerts on such 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 ability to direct the activities of such investee);
- Is exposed to variable returns or has rights to these returns as a result of its participation in the investee; and
- Has the ability to use its power over the investee to influence its returns.

Generally, there is a presumption that a majority of voting rights results in control. In support of this presumption, when the Group has less than a majority of the vote or similar rights in 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; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether 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 thereof.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Parent Group and to the non-controlling interests (if any), even if this results in the non-controlling interests showing a deficit balance. When necessary, adjustments are made to the financial statements of Subsidiaries so that their accounting policies are aligned with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Group are eliminated in full on consolidation.

Any change in the ownership interests of a Subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a Subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

6.5.3 New and Amended Standards and Interpretations

The Group has applied certain standards and amendments for the first time, effective for annual periods beginning on or after 1 January 2023G. The Group did not preemptively adopt any standards, interpretations, or amendments that were issued but not yet effective. These amendments did not have a material impact on the Group, and they are as follows:

Name	As at 31 December 2023G
Amendments to IFRS 17	Insurance contracts
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 1	Disclosure of Accounting policies
IFRS Practice Statement 2	Disclosure of accounting policies
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction

Name	As at 31 December 2023G
Amendments to IAS 12	International tax reform – Pillar Two model rules
Amendments to IAS 7 and IFRS 7	Supplier financing arrangements
Amendments to IFRS 16	Lease liability in sale and leaseback transactions

Source: Audited consolidated financial statements for the financial year ended 31 December 2023G, and the condensed interim consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

6.5.4 Summary of Information on Significant Accounting Policies

6.5.4.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The acquisition cost is measured as the total consideration transferred, which is measured at fair value on the acquisition date, along with any amount of non-controlling interest in the acquired company. For each business combination, the Group chooses to measure the non-controlling interest in the acquired company either at fair value or at the proportionate share of the identifiable net assets of the acquired company. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, the financial assets and liabilities assumed are evaluated for appropriate classification and assignment based on the contractual terms, economic conditions, and prevailing circumstances as at the acquisition date.

Any contingent consideration transferred by the acquirer is recognized at fair value on the acquisition date. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 “**Financial Instruments**” is measured at fair value with changes in fair value recognized in profit or loss in accordance with IFRS 9. Other contingent consideration, which is not within the scope of IFRS 9, is measured at fair value at the reporting date, and changes in fair value are recognized in profit or loss.

Goodwill is initially measured at cost, which represents the excess of the total consideration transferred, the recognized amount of non-controlling interests, and any previously held interests, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net identifiable assets acquired exceeds the total consideration transferred, the Group reassesses whether it has correctly identified all assets acquired and liabilities assumed and reviews the procedures used to measure the amounts to be recognized on the acquisition date.

If the reassessment results in the fair value of the net assets acquired exceeding the total consideration transferred, a gain is recognized in the consolidated statement of profit or loss and other comprehensive income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to the Group’s cash-generating units expected to benefit from the business combination, regardless of whether other assets or liabilities of the acquired company are assigned to those units.

6.5.4.2 Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence represents the ability to participate in the financial and operating policy decisions of the investee, without control or joint control over those policies.

Under the equity method, investments in an associate are initially recognized at cost. The carrying amount of the investment is adjusted to recognize the Group’s share of the net assets of the investee from the acquisition date. Any goodwill related to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The Group’s share of the associate’s profit or loss is reflected in the income statement. Any changes in the other comprehensive income of the associate are presented as part of the Group’s other comprehensive income. In addition, when any changes are recognized directly in the equity of the associate, the Group recognizes its share in those changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group’s share of the associate’s profit or loss is presented in the income statement after operating profit, representing profit or loss after tax and non-controlling interests in the associate’s subsidiaries.

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

After applying the equity method, the Group assesses whether it is necessary to recognize any impairment loss on its investment in the associate. At each reporting date, the Group determines whether there is objective evidence of impairment in the investment in the associate. If such evidence exists, the Group calculates the impairment amount as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in "share of results of an associate" in the income statement.

Upon the loss of significant influence over the associate, the Group measures and recognizes any retained investment at fair value. The difference between the carrying amount of the associate at the time of losing significant influence and the fair value of the retained investment, as well as proceeds from disposal, is recognized in profit or loss.

6.5.4.3 Classifying Assets and Liabilities as Current or Non-current

The Group presents assets and liabilities in the consolidated statement of financial position as either current or non-current. An asset is classified as current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle.
- It is held primarily for trading purposes.
- It is expected to be realized within twelve months after the reporting period.
- It is cash or a 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 classified as current when:

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

The Group classifies all other liabilities as non-current.

6.5.4.4 Fair Value Measurement

The Group measures financial instruments such as derivatives and non-financial assets like investment properties at fair value as at each statement of financial position 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 in the principal market for the asset or liability. If there is no principal market, it is measured in the most advantageous market that the Group can access on that date. The fair value of a liability reflects the risk of non-performance associated with it.

Fair value measurement of an asset or liability uses the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their best economic interest.

Fair value measurement of a non-financial asset takes into account the ability of market participants 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 it in its highest and best use.

The Group uses valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. It maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs to the greatest extent possible.

All assets and liabilities measured at fair value or for which fair value is disclosed in the consolidated financial statements are classified within the fair value hierarchy, based on the lowest level input that is significant to the overall fair value measurement:

- Level 1: Quoted (unadjusted) prices in active markets for comparable 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 included in the consolidated financial statements on a recurring basis, the Group determines if transfers between levels in the hierarchy above have occurred by reassessing the classification (based on the lowest level input significant to the fair value measurement as a whole) at the end of each reporting period.

External appraisers value significant assets like investment properties and non-current financial assets. The relationship with external appraisers is established annually by the Audit and Risk Committee. Selection criteria include market knowledge, reputation, independence, and maintenance of professional standards. Typically, appraisers are rotated periodically.

The investment team verifies the key inputs applied in the latest valuation by matching the information used in the valuation with contracts and other relevant documentation.

The disclosures related to the fair value of financial instruments and non-financial assets measured at fair value, or where fair value was disclosed, include the following items:

- Disclosures about valuation techniques, significant assumptions, and estimates.
- Quantitative disclosures of the fair value hierarchy.
- Investment properties.
- Financial instruments (including those measured at amortized cost).

6.5.4.5 Property and Equipment

Capital work in progress is recorded at cost, net of any impairment losses. Property and equipment are shown at cost, less accumulated depreciation and any accumulated impairment losses, if applicable. This cost includes the cost of replacing parts of the property and equipment and borrowing costs (if any) related to long-term projects, provided the recognition criteria are met. If significant parts of property and equipment require replacement over time, the Group depreciates them separately over their specified useful lives. Additionally, when a major inspection is performed, its cost is recognized in the carrying amount of property and equipment as a replacement if the recognition criteria are met. All other repair and maintenance costs are expensed in the consolidated statement of profit or loss when incurred.

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

Type	Depreciation Period
Buildings	20 years
Leasehold improvements	10 years
Motor vehicles	5 - 7 years
Furniture and office equipment	6.67 - 10 years
Computers, software, and electrical devices	4 years

Source: The audited consolidated financial statements for the financial year ended 31 December 2023G.

Recognition of any property and equipment item, or any significant part thereof, ceases when it is either disposed of (i.e., the date on which the recipient gains control) or when no future economic benefits are expected from its use. Any gains or losses resulting from the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in the consolidated statement of profit or loss at the time of derecognition.

The residual values, useful lives, and depreciation methods of property and equipment are reviewed at the end of each financial year, and adjustments are made prospectively, if appropriate.

6.5.4.6 Investment Properties

Investment properties include Completed Properties and Properties Under Development or Redevelopment that are held for the purpose of earning rental income, capital appreciation, or both. Properties held under a lease contract are classified as investment properties if acquired for the purpose of earning rental income or capital appreciation, or both, and not for sale in the ordinary course of business or for use in production or administrative functions.

Investment properties consist of properties that are not substantially occupied for use by the Group or in its operations and are not held for sale in the ordinary course of business, but are primarily acquired to generate rental income and capital appreciation. These properties are leased to tenants and are not intended for sale during the normal course of business.

Initially, investment properties are measured at cost, including transaction costs. Transaction costs include transfer taxes, professional service fees, and commissions on initial lease agreements to bring the property to a condition suitable for use (only if the investment property is held under a lease contract).

After initial recognition, investment properties are measured at fair value, which reflects market conditions as at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they occur. Transfers to (or from) investment properties are made only when there is evidence of a change in use (such as the commencement of development or the start of an operating lease with another party). For transfers from investment properties to Inventory Properties, the assumed cost for subsequent accounting purposes is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the property's fair value at the date of transfer and its previous carrying amount is recognized in profit or loss. The Group considers the start of development for sale (for transfer from investment property to inventory) or the commencement of an operating lease with another party (for transfer from the inventory to investment property) as evidence of a change in use.

Investment property is derecognized either upon disposal (i.e., when control of the investment property is transferred to the recipient in accordance with the requirements for satisfying a performance obligation under IFRS 15) or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Revenue and cost of sale (the asset's carrying amount) are recognized in profit or loss in the period of derecognition. When determining the consideration to be included in the gain or loss on derecognition of an investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any), in accordance with the transaction price determination requirements of IFRS 15.

6.5.4.7 Inventory Properties

Real estate acquired or constructed for sale in the ordinary course of business, rather than for rental or capital appreciation, is held as inventory and measured at the lower of cost or net realizable value.

Primarily, these represent residential properties that the Group develops and intends to sell either before or after completing the development process. The costs incurred to bring each property to its current condition and location include the following:

- Freehold and leasehold rights for land.
- Payments made to contractors for development.
- Borrowing costs, planning and design costs, site preparation costs, professional fees for legal services, real estate transfer taxes, indirect development costs, and other related costs.

Net realizable value is the estimated selling price during the ordinary course of business, based on market prices at the reporting date, less estimated completion costs and costs necessary to complete the sale.

Upon the sale of real estate and land held for development, the carrying amount of the properties is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of Inventory Properties recognized in profit or loss is determined with reference to the costs directly attributable to the specific properties sold and an allocation of any other related costs on a relative size basis of the sold property.

6.5.4.8 Non-current Assets Held for Sale

The Group classifies non-current assets (primarily investment property) and disposal Groups as held for sale when their carrying amount is expected to be recovered primarily through a sale transaction rather than through continued use. Non-current assets and disposal Groups classified as held for sale (excluding investment property measured at fair value) are measured at the lower of their carrying amount and fair value, less costs to sell. Selling costs represent the additional costs directly attributable to the disposal of the asset (disposal Group), excluding financing cost and Zakat expenses.

The criteria for classification as held for sale are considered to be met when the sale is highly probable, and the asset or disposal Group is available for immediate sale in its current condition. Events required to complete the sale must indicate that significant changes to the sale or cancellation of the sale decision are unlikely. Management must be committed to a plan to sell the asset, and the sale is expected to be completed within one year from the date of classification.

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

6.5.4.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, and whether the fulfillment of the arrangement depends on the use of a specific asset or assets, or the arrangement conveys the right to use the asset, even if that right is not explicitly specified in the arrangement.

The Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The Group recognizes 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 remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category of Right-of-Use Assets:	Lease Term
Buildings	4 years

Right-of-Use Assets are also subject to impairment.

Lease Liabilities

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

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

Short-term Leases and Leases of Low-Value Assets

The Group applies the short-term lease exemption to short-term leases of machinery and equipment (those with a lease term of 12 months or less from the lease commencement date and without a purchase option). It also applies the low-value asset lease exemption to office equipment leases that are considered low-value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

6.5.4.10 Impairment of Non-Financial Assets

Non-financial assets are reviewed at the reporting date to identify conditions that indicate impairment or reversal of impairment loss. If such evidence exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss (if any).

In cases where the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis for allocation can be identified, the assets are also allocated to each cash-generating unit or otherwise allocated to the smallest cash-generating unit in the Group for which a reasonable and consistent allocation basis can be determined. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less selling costs and value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-Zakat discount rate (where applicable) that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

When determining fair value less selling costs, the latest transactions in the market are considered. If such transactions cannot be identified, an appropriate valuation model is used. These calculations are supported by valuation multiples, share prices of listed companies, and other available indicators of fair value.

The Group calculates impairment based on budgets and forecasts prepared independently for each cash-generating unit (CGU) in the Group to which the individual assets have been allocated. These budgets and forecasts typically cover a five-year period. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Where the recoverable amount of an asset (or CGU) is estimated to be lower than its carrying amount, the carrying amount is reduced to its recoverable amount. The impairment loss is recognized directly in the consolidated statement of profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. The reversal of an impairment loss is recognized directly in the consolidated statement of profit or loss.

6.5.4.11 Financial Instruments

Initial Recognition and Measurement

Receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable that does not contain a significant financing component) or a financial liability is initially measured at fair value plus transaction costs directly attributable to its acquisition or issuance—in the case of items not measured at fair value through profit or loss. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

A financial asset is classified and measured at amortized cost, at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVTPL) upon initial recognition.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, are measured at the transaction price determined under IFRS 15.

For financial assets to be classified and measured at amortized cost or FVOCI, they must give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the "solely payments of principal and interest" (SPPI) test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages these financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

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

The Group has implemented the following classifications for its financial assets:

Item in the financial statement:	IFRS 9 Classification:
Trade receivables and other receivables	Amortized cost
Cash and cash equivalents	Amortized cost
Financial assets at FVTPL	Fair value

Subsequent Measurement

For subsequent measurement purposes, financial assets are classified into three categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets designated at fair value through other comprehensive income (with no recycling of cumulative gains or losses upon derecognition) (equity instruments).
- Financial assets at fair value through profit or loss.

Financial Assets at Amortized Cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment testing. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The financial assets at amortized cost for the Group include trade receivables and Murabaha assets.

Financial assets designated at fair value through other comprehensive income (equity instruments)

At initial recognition, the Group may irrevocably elect to classify its equity investments as equity instruments designated at fair value through other comprehensive income, provided they meet the definition of equity under IAS 32 – Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in profit or loss when the right to receive payment is established, except when the Group benefits from such proceeds as a recovery of part of the financial asset's cost, in which case, these gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment testing.

The Group has irrevocably chosen to classify its investments in equity instruments and discretionary portfolios under this category.

Financial Assets at Fair Value Through Profit Or Loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets that must be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that do not represent solely payments of principal and interest are measured at fair value through profit or loss regardless of the business model. Financial assets at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value, with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes units in investment funds. Dividends from investment funds are recognized as income in the consolidated statement of profit or loss when the right to receive payment is established.

Reclassification

Financial assets are not reclassified after initial recognition, except when the Group changes its business model for managing financial assets.

Derecognition

The Group derecognizes financial assets when the contractual rights to the cash flows from the assets expire or when the rights to receive the contractual cash flows in a transaction are transferred, in which all risks and rewards of ownership of the financial asset are transferred, or when the Group neither transfers nor retains all the risks and rewards of ownership and does not retain control of the financial asset.

Impairment of Financial Assets

The Group assesses all available information, including forward-looking assumptions, regarding expected credit losses related to its financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The impairment model applied depends on whether there has been a significant increase in credit risk. In determining whether there has been a significant increase in credit risk, the Group compares the risk of default on the asset as at the reporting date with the risk of default at initial recognition, based on all available and reasonable supporting forward-looking information.

Expected Credit Loss Assessment for Receivables

For receivables only, the Group recognizes expected credit losses using the simplified approach under IFRS 9. The simplified approach does not require the Group to track changes in credit risk; instead, the Group recognizes a loss allowance based on the expected credit losses over the asset's lifetime at each reporting date since the receivables were recognized.

Impairment on Murabaha Receivables

Over the life of Murabaha receivables, the Group accounts for expected credit losses by regularly setting aside a provision for the expected credit losses. When calculating expected credit loss rates, the Group takes into account past loss rates for each borrower and adjusts the data for future macroeconomic conditions.

Write-offs and Control

The Group writes off the gross carrying amount of a financial asset (either partially or fully) to the extent that there is no realistic prospect of recovery. This typically occurs when the Group determines that the debtor does not have assets or income sources that could generate sufficient cash flows to repay the amounts subject to write-off.

Classification of Financial Liabilities

The Group classifies its financial liabilities, including long-term loans, Murabaha financing, and trade payables. Except for financial guarantees and financial commitments, financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. The Group's financial liabilities, such as trade payables and loans, are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of profit or loss. The amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest rate is recognized as finance costs in the consolidated statement of profit or loss.

Trade and other payables represent liabilities for goods or services provided to the Group before the end of the financial period and that have not yet been paid. These amounts are unsecured and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, canceled, or expires. If an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the carrying amounts is recognized in the consolidated statement of profit or loss.

Modification of Financial Assets and Liabilities

Financial Assets

In the case of a modification of the terms of a financial asset, the Group assesses whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the contractual rights to the original financial asset's cash flows are considered terminated. In this case, the original financial asset is derecognized, and the new financial asset is recognized at its fair value.

If the cash flows from the modified asset, measured at amortized cost, do not differ significantly, the modification does not result in the derecognition of the financial asset. In such cases, the Group recalculates the gross carrying amount of the financial asset and recognizes the resulting adjustment as a gain or loss in the consolidated statement of profit or loss.

Financial Liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In such a case, the new financial liability is recognized based on the modified terms at fair value. The difference between the carrying amount of the original financial liability and the new financial liability with modified terms is recognized in the consolidated statement of profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position include cash at banks and on hand, which are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as described above, net of bank overdrafts that are considered an integral part of the Group's cash management.

6.5.4.12 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are recognized as an expense when the related services are provided. A liability is recognized for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of services provided by the employees in the past and the obligation can be estimated reliably.

Employee benefits are payable to all employees employed under the terms and conditions and labor laws applicable to the Group and its subsidiaries upon termination of employment contracts.

Defined Benefit Plans

In addition, a provision for defined benefit obligations for employees is recognized in accordance with Saudi labor laws and the Group's policies. The defined benefit obligation represents a defined benefit plan for employees. It is not a post-employment benefit plan other than a defined contribution plan. The defined benefit obligation recognized in the consolidated statement of financial position regarding defined benefit post-employment plans is the present value of the expected defined benefit obligation at the date of the financial position statement. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method. Any remeasurement amounts, if any, are recognized in equity in the consolidated statement of changes in equity and charged or credited to other comprehensive income, consisting of actuarial gains and losses on the defined benefit obligation.

6.5.4.13 Provisions

Provisions are recognized when there is a present (legal or constructive) obligation on the Group as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation amount can be made. In cases where the Group expects some or all of the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense related to the provision is presented in the consolidated statement of profit or loss, net of any recoverable amounts.

If the effect of the time value of money is material, provisions are discounted using a current discount rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. If the Group has an onerous contract, a present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is recognized, the Group recognizes any impairment loss on assets dedicated to that contract. An onerous contract is one in which the unavoidable costs (i.e., the costs the Group cannot avoid due to the existence of the contract) of fulfilling the contract exceed the economic benefits expected to be received under the contract. The unavoidable costs under the contract reflect the lowest net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failing to fulfill it. The cost of fulfilling contracts includes costs that directly relate to the contract (both incremental costs and the allocation of directly related costs).

6.5.4.14 Contingent Assets and Liabilities

Contingent assets are not recognized in the consolidated financial statements but are disclosed when it is probable that an inflow of economic benefits will occur. At each reporting date, contingent liabilities are assessed for recognition. Contingent liabilities are potential obligations arising from past events, and their existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

6.5.4.15 Borrowing Costs

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

6.5.4.16 Revenue Recognition

Revenue is measured based on the consideration specified in the contract with the customer, excluding amounts collected on behalf of third parties. The Group recognizes revenue when control of the product or service is transferred to the customer. Generally, the Group has determined that it acts as a principal in all of its arrangements, as it controls the goods or services before transferring them to the customer.

The Group assesses the goods or services promised in the customer contract and identifies them as a performance obligation, either as:

- a. A distinct good or service; or
- b. A series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer (i.e., distinct goods or services that are satisfied over time using the same method for measuring progress).

The Group satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

- a. The Group's performance creates or enhances an asset that does not have an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.
- b. The Group's performance creates or enhances an asset that the customer controls as it is created or enhanced.
- c. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations that do not meet one of the criteria above, revenue is recognized at the point in time when the performance obligation is satisfied.

When the Group fulfills its performance obligation by delivering the promised services, a contract asset is recognized for the consideration earned. If the amount received from the customer exceeds the recognized services, a contract liability is recorded.

Variable Consideration

If the consideration promised in the contract includes a variable amount, the Group estimates the consideration it expects to receive in exchange for transferring the promised goods or services to the customer. The Group estimates the transaction price for contracts that include variable consideration using either the expected value method or the most likely amount method. The chosen method is applied consistently throughout the contract and for similar types of contracts.

Significant Financing Component

The Group adjusts the promised consideration amount for the time value of money if the contract contains a significant financing component.

Measuring Progress toward Full Performance Obligation Completion

For each performance obligation satisfied over time, the Group applies a single method for measuring progress toward complete satisfaction of the obligation. The Group selects an appropriate input or output method and applies it consistently to similar performance obligations under similar circumstances.

Contract Costs

The incremental costs of obtaining a contract are recognized as an expense unless the Group expects to recover these costs from its customers and when these costs are explicitly chargeable to the customers.

6.5.4.17 Zakat

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("the Authority"). The Zakat provision for the Group and the Zakat related to the Group's ownership in Saudi subsidiaries is charged to the consolidated statement of profit or loss. Any additional amounts due, if applicable, are recognized once final assessments are completed and such amounts are determined.

6.5.4.18 Value-Added Tax (VAT) and Real Estate Transaction Tax (RETT)

Expenses and assets are recognized net of VAT, except in the following cases:

- If the VAT incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquiring the asset or as part of the expense item, as applicable, and
- When receivables and payables are presented inclusive of VAT.

The net amount of VAT recoverable from or payable to the tax authorities is included as part of the debtor or creditor balances in the consolidated statement of financial position.

Real estate disposals in Saudi Arabia, which involve the legal transfer of ownership or possession, will be exempt from VAT and instead subject to a 5% RETT, which applies to transactions conducted on or after 4 October 2020G. However, in accordance with the RETT Law, a licensed real estate developer may recover input VAT on properties sold after 4 October 2020G.

6.5.4.19 Dividend Distributions

The Group recognizes liabilities for cash dividend distributions to the Group's shareholders when the distribution is approved. In accordance with Saudi Arabian company regulations, dividends are approved once they are authorized by the shareholders. The corresponding amount is recognized directly in equity.

6.5.4.20 Selling, Distribution, General, and Administrative Expenses

Selling, distribution, general, and administrative expenses include both direct and indirect costs that are not specifically considered part of the cost of revenue. Allocations between cost of revenue and selling, distribution, and general and administrative expenses are made where necessary on a consistent basis. The Group accounts for payments made under long-term agreements with customers and distributors, other than those relating to sales volume discounts, as selling and distribution expenses.

6.6 Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Group's consolidated financial statements in accordance with IFRS-KSA requires the use of significant accounting judgments, estimates, and assumptions. These estimates and assumptions may affect the reported balances of certain assets and liabilities as well as disclosures about potential assets and liabilities as at the consolidated statement of financial position date. Any estimates or assumptions affecting assets and liabilities may also impact the revenue and expenses recorded for the same reporting period. Although these estimates are based on management's best knowledge of current events and circumstances, actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in both the period of the revision and future periods if the revision affects both current and future periods.

When preparing these condensed interim consolidated financial statements, management made judgments and estimates that affect the application of accounting policies and the amounts reported for assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2023G.

6.6.1 Judgments

Information about the judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following disclosures:

Lease Classification of Properties

Group as a Lessor:

The Group has entered into commercial property lease agreements for its portfolio of investment properties. Based on an evaluation of the terms and conditions of the arrangements, such as the lease term not covering a major portion of the economic life of the commercial properties and the present value of the minimum lease payments not substantially retaining all the significant risks and rewards of ownership, the Group accounts for the leases as operating leases.

Going Concern Principle

The Group's management has assessed the Group's ability to continue as a going concern and is satisfied that the Group has the necessary resources to continue its operations for the foreseeable future. Furthermore, management is not aware of any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on the going concern basis.

Determining Transfer of Control for Revenue Recognition from Service Provision

Revenue from services is recognized when the services are provided to the customer. In making this assessment, the Group exercises judgment based on the terms and conditions of the relevant contracts. Information regarding uncertainties related to estimates and assumptions that have significant risks of resulting in material adjustments during the year ended 31 December 2023G, is included in the following disclosures.

Fair Valuation of Investment Properties

The Group measures its investment properties at fair value, with changes in fair value recognized in the consolidated statement of profit or loss. The Group appointed an independent valuation expert to assess the fair values as at December 31, 2023G, and December 31, 2022G. In addition to comparable market data that is available, the Group reassesses the properties based on their relationship to transactions involving properties in a similar location and under similar conditions. The Group appointed an independent valuation expert to assess the fair values as at 31 December 2023G, and as at 31 December 2022G.

Defined Benefit Liability

The Group's net obligation concerning defined benefit obligations is calculated by estimating the amount of future benefits employees have earned in respect of their service in the current and prior periods. The benefits are then discounted to determine their present value, and the fair value of any plan assets is deducted. The present value of the obligation is determined using an actuarial valuation at the balance sheet date by an independent actuary applying the projected unit credit method, which assigns an additional unit of service and benefit entitlement to each period of service. The obligation is measured at the present value of expected future cash flows. The discount rates used to determine the present value of the obligation under the defined benefit plan in Saudi Arabia are referenced to U.S. Treasury bond yields (since the Saudi Riyal is pegged to the U.S. Dollar) adjusted for an additional risk premium reflecting default risk. Other assumptions include mortality rates, future salary increases, and future funding increases.

Accounting for the Group's Investment in Associates Using the Equity Method, Where the Group Holds Less Than 50% of Voting Rights (De Facto Control)

First Avenue Real Estate Development Company is considered an associate to the Group, as described in Note 7 even though the Group only owns 10% interest in the associate as at 30 September 2024G. Significant influence arises by virtue of the Group's representation in the Board of Directors of the associate.

It is noteworthy that as at the date of this Prospectus, the Group's ownership in Jadat AlOula Real Estate Development Company amounted to 9.2%.

6.6.2 Uncertainty in Estimates and Assumptions

Fair Value Measurement of Financial Instruments

When it is not possible to measure the fair values of financial assets and liabilities recorded on the consolidated balance sheet based on quoted prices in active markets, their fair values are measured using valuation methods, which include the net asset value approach. Inputs for these methods are taken from observable markets whenever possible, but when that is not feasible, a degree of judgment is required to determine fair values. These judgments include considerations of inputs such as liquidity risk, credit risk, and price volatility. Changes in assumptions related to these factors could affect the reported fair value of financial instruments.

Impairment of Non-Financial Assets

Impairment occurs when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. Fair value less costs to sell is calculated based on available data from binding sales transactions conducted on an arm's length basis for similar assets or observable market prices, less incidental costs of selling the asset. Value in use is determined based on the discounted cash flow method. Cash flows are derived from the budget for the next five years and exclude restructuring activities that the Group has not yet committed to or significant future investments that would enhance the performance of assets in the cash-generating unit subject to impairment testing. The recoverable amount is influenced by the discount rate applied in the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation.

Estimation of Inventory Properties Net Realizable Value

Inventory Properties is presented at the lower of cost or net realizable value. The net realizable value of Completed Inventory Properties is assessed by referencing the prevailing market conditions and prices as at the reporting date, determined by the Group based on comparable transactions for properties in the same geographical market serving the same real estate sector. The net realizable value for Inventory Properties Under Development is evaluated by referencing the market prices for similar Completed Properties, as at the reporting date, less the estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money if significant.

Estimation of Useful Lives and Residual Values

The useful lives used in amortizing or depreciating intangible assets and properties relate to the expected future performance of the acquired assets and management's judgment based on technical evaluations of the period over which the economic benefits from the asset will be derived. The periodic depreciation charge is derived after estimating the expected useful life of the asset and its expected residual value at the end of its useful life. The estimated useful life of an asset has a direct impact on the depreciation charged to the consolidated income statement. The useful lives and residual values of the Group's assets are determined by management based on technical assessments at the time of asset acquisition and reviewed for appropriateness annually. The estimates are based on historical experience with similar assets and expectations of future events that could affect their useful lives, such as technological changes.

Impairment Losses on Trade and Other Receivables

Trade and other receivables are presented at amortized cost, reduced by allowances for estimated unrecoverable amounts. The estimated unrecoverable amounts are based on the aging of receivables and past experience, adjusted to account for future expectations. Individual receivables are written off when management deems them uncollectible.

Right-of-Use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date when the asset becomes available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the value of the recognized lease liabilities, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or if the cost reflects the exercise of a purchase option, depreciation is calculated over the estimated useful life of the asset. Right-of-use assets are also subject to impairment. Please refer to the accounting policies for the impairment of non-financial assets.

Lease Liabilities

At the commencement date of a lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and penalties for terminating the lease if the lease term reflects the Group exercising that option. Variable lease payments that do not depend on an index or rate are expensed (unless incurred to produce inventory) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liability is increased to reflect the addition of interest and reduced to reflect lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine those payments), or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in financial obligations.

Short-term leases and low-value asset leases

The Group applies the exemption for recognizing short-term leases on real estate leases (i.e., leases with a term of 12 months or less from the lease commencement date and that do not contain a purchase option). Lease payments associated with short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates, and assumptions that may affect the application of policies, amounts of revenue and expenses,

recorded assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The uncertainty surrounding these assumptions and estimates may result in outcomes that could necessitate a material adjustment to the carrying value of the assets or liabilities affected in future periods.

Provision for Expected Credit Losses on Trade Receivables and Contract Assets

The Group uses a provision matrix to calculate expected credit losses (ECLs) on trade receivables and contract assets. The provision rates are based on the number of days overdue for different customer groupings with similar loss patterns (e.g., by geographic region, product type, customer type and rating, and credit coverage through letters of credit or other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust historical credit losses with forward-looking information. For example, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, leading to an increase in defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecasted economic conditions, and expected credit losses represents a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and projected economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of actual client default in the future.

Provision for Expected Losses

The Group recognizes a provision for expected losses on contracts (in accordance with IAS 37 "**Provisions, Contingent Liabilities, and Contingent Assets**") for future losses on contracts where it is probable that contract costs are likely to exceed revenue upon the contract's completion. The estimate of future losses includes several assumptions (such as the contractual position with the customer, suppliers, and subcontractors; negotiations with the customer, suppliers, and subcontractors; estimated completion costs; past experience with the customer, suppliers, and subcontractors, etc.) regarding the achievement of contract execution goals and the probable levels of future cost increases over time.

6.7 Standards Issued but Not Yet Effective and Other Amendments

Below is a statement of the new and amended standards and interpretations issued but not effective yet as at the date of issuance of the consolidated financial statements of the Group. The Group intends to apply these new and amended standards and interpretations as applicable as soon as they come into effect.

Standard	Description	Mandatory Effective Date
Amendment to IAS (21)	Lack of currency exchangeability	1 January 2025G
Amendment to IFRS (10) and IAS (28)	Sale or Contribution of Assets between an Investing Entity, its Affiliate, and its Joint Venture.	Unspecified
IFRS (18)	Financial Statement Presentation and Disclosure	1 January 2027G

6.8 Material Subsidiaries

Dar AlMajed Real Estate Company, Mohammed and Khaled AlMajed Real Estate Company, Hussam and Majed AlMajed Real Estate Company, Fikrat Istithmar Real Estate Development & Investment Company, Nibras AlAmaken Real Estate Development Company, Taj AlHodou Real Estate Development & Investment Company, AlRaeah Real Estate Company, Jadat AlShat'e Real Estate Company, Jadat AlRabe'a Real Estate Company, AlMajdah Investment Fund, AlDar Investment Fund and AlNarjis Investment Fund were all identified as Material Subsidiaries based on their contribution to the revenue, net profit/(loss), assets and liabilities of the Group, as detailed in the below analyses.

The table below summarizes the revenue and net profit/(loss) of the Group for Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G.

Table 6.2: Revenue and Net Profit/(Loss) of the Group

SAR 000s	Financial Year Ended 31 December 2021G			Financial Year Ended 31 December 2022G			Financial Year Ended 31 December 2023G		
	Revenue	Net Profit/(Loss)	Net Profit/(Loss) as a Percentage of Revenue	Revenue	Net Profit/(Loss)	Net Profit/(Loss) as a Percentage of Revenue	Revenue	Net Profit/(Loss)	Net Profit/(Loss) as a Percentage of Revenue
Dar AlMajed Real Estate Company*	135,282	334,931	247.6%	81,128	162,465	200.3%	107,858	149,867	138.9%
Mohammed and Khaled AlMajed Real Estate Company	107,437	38,571	35.9%	30,324	5,708	18.8%	1,000	(2,586)	(258.6%)
Hussam and Majed AlMajed Real Estate Company	189,439	62,832	33.2%	-	(7,315)	N/A	1,430	2,363	165.2%
Fikrat Istithmar Real Estate Development & Investment Company	68,034	22,483	33.0%	916	(183)	(20.0%)	997	(10)	(1.0%)
Nibras AlAmaken Real Estate Development Company	371,930	139,351	37.5%	1,189	817	68.7%	28,654	2,492	8.7%
Taj AlHodou Real Estate Development & Investment Company	-	(607)	N/A	-	(110)	N/A	-	(25)	N/A
AlRaeah Real Estate Company	127,455	52,072	40.9%	236,208	28,873	12.2%	208,204	74,538	35.8%
Jadat AlShat'e Real Estate Company	-	(55)	N/A	90,441	8,581	9.5%	-	43	N/A
Jadat AlRabe'a Real Estate Company	84,235	18,982	22.5%	-	(1,179)	N/A	-	(447)	N/A
AlMajdah Investment Fund**	-	(8,078)	N/A	606,875	94,230	15.5%	691,961	56,873	8.2%
Eliminations***	54,131	(363,297)	N/A	(18,888)	(149,493)	N/A	-	(116,140)	N/A
As a percentage of the total before consolidation									
Dar AlMajed Real Estate Company	12.5%	50.7%	N/A	7.7%	55.7%	N/A	10.4%	52.9%	N/A
Mohammed and Khaled AlMajed Real Estate Company	9.9%	5.8%	N/A	2.9%	2.0%	N/A	0.1%	(0.9%)	N/A
Hussam and Majed AlMajed Real Estate Company	17.5%	9.5%	N/A	0.0%	(2.5%)	N/A	0.1%	0.8%	N/A
Fikrat Istithmar Real Estate Development & Investment Company	6.3%	3.4%	N/A	0.1%	(0.1%)	N/A	0.1%	(0.0%)	N/A

SAR 000s	Financial Year Ended 31 December 2021G			Financial Year Ended 31 December 2022G			Financial Year Ended 31 December 2023G		
	Revenue	Net Profit/ (Loss)	Net Profit/ (Loss) as a Percentage of Revenue	Revenue	Net Profit/ (Loss)	Net Profit/ (Loss) as a Percentage of Revenue	Revenue	Net Profit/ (Loss)	Net Profit/ (Loss) as a Percentage of Revenue
Nibras AlAmaken Real Estate Development Company	34.3%	21.1%	N/A	0.1%	0.3%	N/A	2.8%	0.9%	N/A
Taj AlHodou Real Estate Development & Investment Company	0.0%	(0.1%)	N/A	0.0%	(0.0%)	N/A	0.0%	(0.0%)	N/A
AlRaeah Real Estate Company	11.8%	7.9%	N/A	22.6%	9.9%	N/A	20.0%	26.3%	N/A
Jadat AlShat'e Real Estate Company	0.0%	0.0%	N/A	8.6%	2.9%	N/A	0.0%	0.0%	N/A
Jadat AlRabe'a Real Estate Company	7.8%	2.9%	N/A	0.0%	(0.4%)	N/A	0.0%	(0.2%)	N/A
AlMajdiah Investment Fund	0.0%	(0.1%)	N/A	58.0%	32.3%	N/A	66.5%	20.1%	N/A

Source: Management information.

* Represents the Company's unconsolidated results

** The results of AlDar Investment Fund and AlNarjis Investment Fund are consolidated within AlMajdiah Investment Fund.

*** Eliminations represent transactions between the Group's consolidated companies, which have no impact on the Group's performance.

The table below summarizes the assets and liabilities of the Company and its Subsidiaries for the Fiscal Years ended 31 December 2021G, 2022G and 2023G.

Table 6.3: Assets and Liabilities of the Group and Its Subsidiaries

SAR 000s	As at 31 December 2021G		As at 31 December 2022G		As at 31 December 2023G	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Dar AlMajed Real Estate Company*	1,316,784	885,485	1,343,932	807,509	1,521,679	832,781
Mohammed and Khaled AlMajed Real Estate Company	206,048	137,951	84,001	9,534	76,340	4,459
Hussam and Majed AlMajed Real Estate Company	179,142	34,621	152,695	14,447	163,441	22,472
Fikrat Istithmar Real Estate Development & Investment Company	97,079	97,854	3,815	4,771	4,052	5,018
Nibras AlAmaken Real Estate Development Company	24,709	23,936	22,983	21,392	12,921	8,839
Taj AlHodou Real Estate Development & Investment Company	11,542	11,973	849	1,389	849	1,415
AlRaeah Real Estate Company	440,114	397,864	708,279	637,157	1,017,848	872,187
Jadat AlShat'e Real Estate Company	88,170	87,740	9,329	318	9,528	473
Jadat AlRabe'a Real Estate Company	134,135	133,973	207,140	208,157	366,013	367,477
AlMajdiah Investment Fund**	814,822	429,092	1,094,925	794,183	570,314	387,129
Eliminations***	(1,355,075)	(861,644)	(1,266,377)	(791,103)	(1,417,680)	(908,517)
Total	1,957,469	1,378,845	2,361,569	1,707,753	2,325,306	1,593,732
As a percentage of the total before consolidation						
Dar AlMajed Real Estate Company	39.8%	39.5%	37.0%	32.3%	40.7%	33.3%
Mohammed and Khaled AlMajed Real Estate Company	6.2%	6.2%	2.3%	0.4%	2.0%	0.2%

SAR 000s	As at 31 December 2021G		As at 31 December 2022G		As at 31 December 2023G	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Hussam and Majed AlMajed Real Estate Company	5.4%	15%	4.2%	0.6%	4.4%	0.9%
Fikrat Istithmar Real Estate Development & Investment Company	2.9%	4.4%	0.1%	0.2%	0.1%	0.2%
Nibras AlAmaken Real Estate Development Company	0.7%	1.1%	0.6%	0.9%	0.4%	0.4%
Taj AlHodou Real Estate Development & Investment Company	0.3%	0.5%	0.0%	0.1%	0.0%	0.1%
AlRaeah Real Estate Company	13.3%	17.8%	19.5%	25.5%	28.1%	34.9%
Jadat AlShat'e Real Estate Company	2.7%	3.9%	0.3%	0.0%	0.3%	0.0%
Jadat AlRabe'a Real Estate Company	4.0%	6.0%	5.7%	8.3%	10.1%	14.7%
AlMajdiah Investment Fund	24.6%	19.2%	30.2%	31.8%	15.7%	15.5%

Source: Management information.

* Represents the Company's unconsolidated results

** The results of AlDar Investment Fund and AlNarjis Investment Fund are consolidated within AlMajdiah Investment Fund.

*** Eliminations represent transactions between the Group's consolidated companies, which have no impact on the Group's performance.

6.9 Summary of Financial Information and Key Performance Indicators

The selected financial information below should be read in conjunction with the audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G and the accompanying notes, prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the KSA (IFRS-KSA) and the unaudited condensed interim consolidated financial statements for the Nine-Month Periods Ended 30 September 2023G and 2024G, which were prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, and the other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). These audited financial statements and unaudited condensed interim consolidated financial statements and accompanying notes are contained in this Prospectus.

The financial information for the Financial Year Ended 31 December 2021G was extracted from the financial information of the Group included in the audited consolidated financial statements for the financial Year Ended 31 December 2022G, which were audited by Ernst & Young Professional Services (Professional LLC), in addition to Management information. Moreover, the financial information for the Financial Years Ended 31 December 2022G and 31 December 2023G was extracted from the financial information of the Group included in the audited consolidated financial statements for the Financial Year Ended 31 December 2023G which were audited by Ernst & Young Professional Services (Professional LLC), in addition to Management information.

The financial information for the Nine-Month Periods Ended 30 September 2023G and 2024G was extracted from the unaudited condensed interim consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

The tables below contain a summary of the Company's Other Statement of Comprehensive Income, Financial Position Statement and Cash Flow Statement, in addition to selected KPIs for the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Periods Ended 30 September 2023G and 2024G.

The table below summarizes the data of the consolidated Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Periods Ended 30 September 2023G and 2024G.

Table 6.4: Consolidated Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	FY2021G	FY2022G	FY2023G	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G	YoY September 2023G-2024G
Operating income*	1,137,942	1,028,192	1,040,104	691,123	1,006,548	(9.6%)	1.2%	(4.4%)	45.6%
Operating Costs	(798,361)	(805,168)	(762,396)	(488,766)	(753,382)	0.9%	(5.3%)	(2.3%)	54.1%
Gross Profit	339,582	223,024	277,708	202,356	253,166	(34.3%)	24.5%	(9.6%)	25.1%
General and Administrative Expenses	(30,213)	(50,441)	(92,514)	(46,183)	(51,180)	67.0%	83.4%	75.0%	10.8%
Selling and marketing expenses	(7,725)	(13,179)	(12,451)	(5,326)	(5,501)	70.6%	(5.5%)	27.0%	3.3%
Operating Profit	301,644	159,403	172,743	150,847	196,484	(47.2%)	8.4%	(24.3%)	30.3%
Profit for the year/period	297,185	142,395	166,968	130,430	223,285	(52.1%)	17.3%	(25.0%)	71.2%
Total Comprehensive Income for the year/period	295,285	151,563	169,576	132,073	229,989	(48.7%)	11.9%	(24.2%)	74.1%
KPIs									

As a percentage of operating income

Gross Profit	29.8%	21.7%	26.7%	29.3%	25.2%	(8.2)	5.0	(3.1)	(4.1)
Operating Profit	26.5%	15.5%	16.6%	21.8%	19.5%	(11.0)	1.1	(9.9)	(2.3)
Profit for the year/period	26.1%	13.8%	16.1%	18.9%	22.2%	(12.3)	2.2	(10.1)	3.3

Source: Audited consolidated financial statements for the Financial Years Ended 31 December 2022G and 31 December 2023G and the unaudited condensed consolidated financial statements for the Nine-Month Period ended 30 September 2024G and Management information.

* Revenue include (i) income from the sale of completed property inventory, (ii) income from property development, (iii) gains from the valuation of investment property, (iv) income from real estate commissions, (v) maintenance income, (vi) income from the sale of property inventory, (vii) income from the sale of land, and (viii) rental income.

Table 6.5: Statement of Consolidated Financial Position Statement for the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G and 30 September 2024G.

SAR 000s	As at 31 December			As at 30 September 2024G
	2021G	2022G	2023G	
Total Non-Current Assets	1,109,903	1,673,627	1,290,155	1,609,255
Total Current Assets	847,565	687,942	1,035,151	1,155,687
Total Assets	1,957,469	2,361,569	2,325,306	2,764,942
Total Equity	578,623	653,815	731,573	805,260
Total Non-Current Liabilities	708,346	982,416	444,065	941,292
Total Current Liabilities	670,500	725,337	1,149,668	1,018,390
Total Liabilities	1,378,845	1,707,753	1,593,732	1,959,682
KPIs				
Days inventory outstanding (Completed Properties) (Days) ⁽¹⁾	124	147	231	249
Return on Assets ⁽²⁾	15.2%	6.6%	7.1%	11.7%

SAR 000s	As at 31 December			As at 30 September 2024G
	2021G	2022G	2023G	
Return on Equity ⁽²⁾	51.4%	23.1%	24.1%	38.7%
Debt to Equity ⁽³⁾	1.2	1.5	0.9	1.3
Current Ratio ⁽⁴⁾	1.3	0.9	0.9	1.1
Total Liabilities to Total Assets Ratio	0.7	0.7	0.7	0.7

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G and 31 December 2023G and the unaudited condensed consolidated financial statements for the Nine-Month Period ended 30 September 2024G and Management information.

⁽¹⁾ Inventory days outstanding has been calculated based on the average of current inventory properties and revenues from sale of completed inventory properties (with an exception for the financial year ended 31 December 2021G where the current inventory properties as at 31 December 2021G has been used).

⁽²⁾ Return on assets and return on equity have been calculated based on the profit for the financial years ended 31 December 2021G, 2022G, and 2023G and the nine-month period ending on September 30, 2024G and the average of assets and the average of equity (with an exception for the financial year ended 31 December 2021G where assets and equity as at 31 December 2021G, have been used).

⁽³⁾ Debt to equity is calculated using the value of loans and advances to equity.

⁽⁴⁾ The current ratio was calculated by dividing current liabilities by current assets.

Table 6.6: Consolidated Cash Flow Statement for the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G.

SAR 000s	As at 31 December			Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G
	2021G	2022G	2021G		
Profit for the Year Before Zakat	317,529	161,556	170,863	152,580	225,376
Net Cash Flows from/(used in) Operating Activities	450,219	(215,017)	418,808	240,758	(172,120)
Net Cash Flows from/(used in) Investing Activities	(327,577)	32,080	(38,129)	(2,833)	34,080
Net Cash Flows from/(used in) Financing Activities	118,342	130,031	(449,589)	(278,232)	240,410
Net Decrease in Cash and Cash Equivalents	240,984	(52,907)	(68,911)	(40,306)	102,369
Cash and Cash Equivalents at the Beginning of the Year/Period	49,148	290,132	237,226	237,226	168,315
Cash and Cash Equivalents at the End of the Year/Period	290,132	237,226	168,315	196,919	270,684

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G and 31 December 2023G and the unaudited condensed consolidated financial statements for the Nine-Month Period ended 30 September 2024G.

6.10 Results of Operations

6.10.1 Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

The table below summarizes the data of the consolidated statement of profit or loss and other comprehensive income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G.

Table 6.7: Consolidated Statement of Profit or Loss and other Comprehensive Income for the financial years 31 December 2021G, 31 December 2022G and 31 December 2023G.

SAR 000s	FY2021G (Adjusted)	FY2022G (Adjusted)	FY2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue from sale of completed inventory properties	741,686	712,067	853,853	(4.0%)	19.9%	7.3%
Revenue from the sale of lands	237,137	204,192	8,141	(13.9%)	(96.0%)	(81.5%)
Selling Cost – Inventory Properties	(672,422)	(756,965)	(691,485)	12.6%	(8.7%)	1.4%
Profit from Inventory Properties	306,401	159,294	170,509	(48.0%)	7.0%	(25.4%)
Real estate commission income	16,119	33,153	39,099	105.7%	17.9%	55.7%
Real estate development income	104,205	29,087	55,507	(72.1%)	90.8%	(27.0%)
Operating Cost - Development and commissions	(125,481)	(12,503)	(48,107)	(90.0%)	284.8%	(38.1%)
Profit from real estate development and commissions	(5,158)	49,737	46,499	N/A	(6.5%)	N/A
Revenue from sale of investment property	-	39,587	11,291	N/A	(71.5%)	N/A
Valuation gains from investment property	38,796	9,190	52,280	(76.3%)	468.9%	16.1%
Cost of sales – investment property	-	(35,243)	(11,644)	N/A	(67.0%)	N/A
Gain on investment property	38,796	13,535	51,927	(65.1%)	283.7%	15.7%
Lease income	-	916	5,308	N/A	479.4%	N/A
Right-of-use assets depreciation	(457)	(457)	(457)	0.0%	0.0%	0.0%
Lease cost	-	-	(571)	N/A	N/A	N/A
Net lease income	(457)	459	4,280	N/A	833.0%	N/A
Maintenance income	-	-	14,625	N/A	N/A	N/A
Maintenance cost	-	-	(10,132)	N/A	N/A	N/A
Net maintenance income	-	-	4,493	N/A	N/A	N/A
Revenue	1,137,942	1,028,192	1,040,104	(9.6%)	1.2%	(4.4%)
Operating cost	(798,361)	(805,168)	(762,396)	0.9%	(5.3%)	(2.3%)
Gross profit	339,582	223,024	277,708	(34.3%)	24.5%	(9.6%)
General and administrative expenses	(30,213)	(50,441)	(92,514)	67.0%	83.4%	75.0%
Selling and marketing expenses	(7,725)	(13,179)	(12,451)	70.6%	(5.5%)	27.0%
Operating profit	301,644	159,403	172,743	(47.2%)	8.4%	(24.3%)
Financing expenses	(3,411)	(11,924)	(13,108)	249.6%	9.9%	96.0%
Share of results of an Associate	7,592	7,705	6,723	1.5%	(12.7%)	(5.9%)

SAR 000s	FY2021G (Adjusted)	FY2022G (Adjusted)	FY2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Other income	11,704	6,372	4,506	(45.6%)	(29.3%)	(38.0%)
Profit of the year before ZAKAT	317,529	161,556	170,863	(49.1%)	5.8%	(26.6%)
Zakat	(20,344)	(19,161)	(3,896)	(5.8%)	(79.7%)	(56.2%)
Profit of the year	297,185	142,395	166,968	(52.1%)	17.3%	(25.0%)
Profit of the year related to:						
Shareholders of the mother company	286,845	109,509	147,381	(61.8%)	34.6%	(28.3%)
Non-controlling equity	10,340	32,886	19,587	218.0%	(40.4%)	37.6%
Profit of the year	297,185	142,395	166,968	(52.1%)	17.3%	(25.0%)
Other comprehensive income						
Other comprehensive income which will not be reclassified as profit or loss in the subsequent periods						
Employees defined benefits remeasurement gain	(3,064)	4,291	298	(240.0%)	(93.1%)	N/A
Share of the other comprehensive income of an Associate	1,164	4,877	2,310	319.0%	(52.6%)	40.9%
Other comprehensive income for the year	(1,900)	9,168	2,608	N/A	(71.6%)	N/A
Gross comprehensive income for the year	295,285	151,563	169,576	(48.7%)	11.9%	(24.2%)
Gross comprehensive income for the year related to:						
Shareholders of the mother company	284,945	118,677	149,989	(58.4%)	26.4%	(27.4%)
Non-controlling equity	10,340	32,886	19,587	218.0%	(40.4%)	37.6%
Gross comprehensive income for the year	295,285	151,563	169,576	(48.7%)	11.9%	(24.2%)
KPIs						
As a percentage of operating income	As a percentage of the revenue for FY2021G	As a percentage of the revenue for FY2022G	As a percentage of the revenue for FY2023G	Percentile point 2021G-2022G	Percentile point 2022G-2023G	Percentile point 2021G-2023G
Gross profit	29.8%	21.7%	26.7%	(8.2)	5.0	(3.1)
Operating profit	26.5%	15.5%	16.6%	(11.0)	1.1	(9.9)
Net profit for the year	26.1%	13.8%	16.1%	(12.3)	2.2	(10.1)

Source: Audited consolidated financial statements for the Financial Years FY2022G, FY2023G and Management information.

Operating income

Revenue is measured based on the consideration specified in the contract with the customer, excluding amounts collected on behalf of third parties. The Group recognizes revenue when control of a product or service is transferred to the customer. The Group has generally determined that it acts as a principal in all of its arrangements, as it controls the goods or services before transferring them to the customer.

Revenue from the sale of developed projects is recognized when the related legal procedures are completed or the unconditional exchange has taken place. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group, and the significant risks and rewards of ownership of the sold assets are transferred to the buyer. Revenue from the sale of developed projects and lands is measured at the value of the consideration received.

Regarding income from real estate development, the group recognizes revenue based on the contract with the customer, and as at 31 December 2022G, amounts collected on behalf of third parties are excluded. The group recognizes revenue over time when it has an enforceable right to receive payment for its performance to date. Otherwise, revenue is recognized upon the delivery of the project to the customer.

During the review period, the Group utilized the following three types of contracts:

1. Contracts that explicitly state that the payment for the Group's services is only received upon project delivery, with revenue recognized in full upon completion. This was the case for projects such as AlMajdiah 120 and 115.
2. Contracts that ensure development fees are paid upon receipt of advance payments from customers.
3. Contracts that ensure development fees are paid when construction costs are transferred to the customer.

The Group's revenue is primarily derived from the Sales from the Completed Inventory Properties, which represents an average of 72.2% of the Group's total revenue in 31 December 2021G, 31 December 2022G and 31 December 2023G, and real estate development income, accounting for 5.8% of the Group's total revenue during the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively. Additionally, revenue comes from land sales, real estate commissions, Inventory of Properties sales, real estate investment revaluation gains, rental income, and maintenance income.

It should be noted that while land sale revenue is not considered part of the group's core operations and lands are sold based on available opportunities, divesting legacy land holdings contributed significantly to revenue in the Financial Years ended 31 December 2021G and 31 December 2022G. The variation in land sales revenue is tied to the availability of opportunities for land trading. Real estate development income is a major driver of commission-based revenue, as the Group is also contracted to market and sell projects upon completion, earning a commission of approximately 2.5% of total sales value.

In FY2023G, Revenue from sale of completed inventory properties accounted for 82.1% of total revenue, mainly from consolidated investment funds, in line with the Group's strategy during this period. Real estate development income accounted for 5.3% of total Group revenue, real estate investment revaluation gains represented 5.0%, and real estate commission income accounted for 3.8% of total Group revenue.

Revenue declined by 9.6%, from SAR 1,137.9 million in FY2021G to SAR 1,028.2 million in FY2022G, mainly due to (i) a SAR 75.1 million decrease in real estate development income, resulting from a change in the revenue and cost recognition method for this segment in 2022G, where management previously recorded the total development cost passed on to the client and the development fees as revenue, while the segment's costs included the total project development cost; and (ii) a SAR 29.6 million decrease in revenue from sale of completed inventory properties due to a reduction in the number of units sold from 874 to 735 during the period. This was partially offset by a SAR 39.6 million increase in Inventory of Properties sales, primarily related to the sale of Al Rimal land in 2022G.

Revenue increased by 1.2%, from SAR 1,028.2 million in FY2022G to SAR 1,040.1 million in FY2023G, driven by (i) a SAR 141.8 million increase in revenue from sale of completed inventory properties due to an increase in the number of units sold from 735 to 807, along with a rise in the average price per square meter to SAR 533 per square meter during the period; (ii) a SAR 43.1 million increase in real estate investment revaluation gains, mainly related to AlMajdiah 131; and (iii) an increase in real estate development income from SAR 29.1 million to SAR 55.5 million, in line with the rise in the number of projects under development. A significant portion of the real estate development income comes from dealings with investment funds such as AlDar Investment Fund, Blom Fund, and Musharaka Fund, with development contracts signed between these funds and the Group, which was partially offset by a decline in land sales revenue, from SAR 204.2 million to SAR 8.1 million.

Operating Costs

Operating costs amounted to SAR 762.4 million in FY2023G, primarily related to the cost of sale of Completed Inventory Properties (89.8% of total operating costs), other operating costs related to development, commissions, rent, and maintenance (7.7%), and the cost of selling real estate investments (1.5%), along with other operational expenses. The cost of land and construction were the main factors contributing to the fluctuation in operating costs during the period.

It should be noted that during FY2021G, SAR 70.5 million related to land sales was mistakenly classified as the cost of selling of the Completed Inventory Properties. This misclassification inflated the cost of Completed Inventory Properties sales and understated the cost of land sales. The mistake was later corrected, which resulted in the increase of the Inventory Selling Cost by SAR 70.5 million.

Operating costs increased by 0.9%, from SAR 798.4 million in FY2021G to SAR 805.2 million in FY2022G, driven by an increase in the cost of selling Completed Inventory Properties by SAR 110.6 million, in line with an increase in the average cost per square meter from SAR 3,600 to SAR 5,500. This increase was due to (i) the lower cost of land, as the land for projects sold in 2021G had been purchased at lower prices, (ii) an increase in raw material costs, (iii) improvements in housing unit specifications, and (iv) costs associated with completing projects, as management had not accounted for the cost of completing projects that had reached the sales stage. Additionally, the cost of sale of investment properties amounted to SAR 35.2 million during this period. This increase was partially offset by a decrease in development costs due to a change in the method of recognizing revenue and costs related to this segment during FY2022G, where management had previously recorded the total development cost passed on

to the client and development fees as revenue, while the segment's costs included the total project development cost compared to recording the net development cost passed on to the client and the development fees and project development cost as revenue.

Operating costs decreased by 53%, from SAR 805.2 million in FY2022G to SAR 762.4 million in FY2023G, primarily due to (i) a decline in the cost of land sales from SAR 191.6 million to SAR 7.2 million, as the Group sold 2.3 thousand square meters of land during FY2023G compared to 34.7 thousand square meters of land during FY2022G, and (ii) a decrease in the cost of selling Investment Properties from SAR 35.2 million to SAR 11.6 million. This was partially offset by an increase in the cost of selling Completed Inventory Properties from SAR 565.4 million to SAR 684.3 million during the period.

Gross Profit

Gross profit amounted to SAR 339.6 million in FY2021G, with a high profitability margin of 29.8%. This was primarily due to the significant increase in the value of the group's owned land since 2020G, which allowed the Company to sell projects at market prices and generate profits from these sales.

Gross profit decreased by 34.3%, from SAR 339.6 million in FY2021G to SAR 223.0 million in FY2022G, attributed to a SAR 116.6 million decrease in the profitability of revenue from sale of completed inventory properties, as well as lower margins achieved through unit sales. FY2021G was exceptional due to lower land prices, and the Group was unable to pass on the increase in raw material costs to customers. Additionally, profitability from land sales declined because the land sold in 2021G was at lower prices compared to the market price. As a result, the gross profit margin fell from 29.8% in FY2021G to 21.7% in FY2022G.

Gross profit increased by 24.5%, from SAR 223.0 million in FY2022G to SAR 277.7 million in FY2023G, driven by real estate investment revaluation gains of SAR 52.3 million and the rise in the number of units sold, which led to higher sales revenue from the completed project inventories. Consequently, the gross profit margin increased from 21.7% in FY2022G to 26.7% in FY2023G.

General and Administrative Expenses

General and administrative expenses mainly relate to performance fees (36.2% of total general and administrative expenses for FY2023G), salaries and other benefits (21.6%), professional fees (9.4%), administrative fees (9.1%), and other expenses.

General and administrative expenses increased by 67.0%, from SAR 30.2 million in FY2021G to SAR 50.4 million in FY2022G, due to (i) an increase in professional fees from SAR 1.8 million to SAR 9.2 million, mainly related to consultancy expenses for the restructuring of the AlRajhi loan, (ii) an increase in salaries and other benefits from SAR 14.1 million to SAR 20.4 million, driven by changes in the Group's human capital, which involved laying off less qualified employees and hiring more experienced individuals with higher salaries, and (iii) an increase in management fees amounting to SAR 3.8 million.

General and administrative expenses further increased by 83.4%, from SAR 50.4 million in FY2022G to SAR 92.5 million in FY2023G, primarily due to performance fees amounting to SAR 33.5 million, related to fees paid by the consolidated funds to the fund manager, Jadwa Investment, when specific performance indicators were met in projects. In addition to an increase in other general and administrative expenses from SAR 4.7 million to SAR 11.3 million then to SAR 2.1 million, related to fines for construction violations and SAR 1.7 million related to compensation for Board members.

Selling and Marketing Expenses

Selling and marketing expenses mainly relate to marketing expenses (44.1% of total selling and marketing expenses for FY2023G), along with other expenses.

Selling and marketing expenses increased by 70.6%, from SAR 7.7 million in FY2021G to SAR 13.2 million in FY2022G, driven by the rise in salaries and other benefits from SAR 0.6 million to SAR 3.1 million, as the number of employees increased from 22 to 37. Additionally, marketing expenses increased from SAR 7.2 million to SAR 8.6 million, related to marketing campaigns for the Group's projects aimed at boosting sales amidst decreased demand during the period. There was also an increase of SAR 1.4 million in other selling and marketing expenses related to the launch of new project events.

Selling and marketing expenses decreased by 5.5%, from SAR 13.2 million in FY2022G to SAR 12.5 million in FY2023G, due to a reduction in marketing expenses during this period.

Finance Cost

Financing cost amounted to SAR 13.1 million in FY2023G, primarily related to finance cost on Loans and borrowings obtained from banks, the reversal of transaction cost entries, and other costs related to income on Murabaha deposits, bank charges, and lease liability commission. It should be noted that the Loans and borrowings are used to finance the construction and development of projects, and therefore, the Group capitalizes part of these

finance cost during the construction phase of Inventory of Properties. Once the project is completed and sold, these costs are included in the cost of selling Completed Inventory Properties.

Finance cost increased from SAR 3.4 million in FY2021G to SAR 11.9 million in FY2022G, in line with the Group obtaining new loans. The loan balance increased from SAR 700.3 million in FY2021G to SAR 950.6 million in FY2022G, primarily related to loans from Banque Saudi Fransi (SAR 226.3 million) and Arab National Bank (SAR 153.8 million) obtained by the AIDar Investment Fund for the purpose of building and developing residential units.

Financing cost further increased from SAR 11.9 million in FY2022G to SAR 13.1 million in FY2023G, driven by the decrease in financing and capitalized finance costs from SAR 43.4 million to SAR 19.9 million related to projects associated with the AIDar Investment Fund.

Share of Results in an Associate

As at 30 June 2024G, the Group holds a 15.8% stake in Jadat AlOula Real Estate Development Company, which is engaged in real estate development activities in Saudi Arabia. Jadat AlOula Real Estate Development Company is a listed company publicly traded. The Group's share in Jadat AlOula is accounted for using the equity method in the consolidated financial statements.

The Group's share in the associate's results increased by 15% from SAR 7.6 million in FY2021G to SAR 7.7 million in FY2022G, due to the rise in ownership from 15% to 17.56% during the period, alongside Jadat AlOula's growth in total comprehensive income from SAR 58.4 million to SAR 74.0 million during the same period.

The Group's share in the associate's results decreased by 12.7% from SAR 7.7 million in FY2022G to SAR 6.7 million in FY2023G, in line with a reduction in Jadat AlOula's total comprehensive income from SAR 74.0 million to SAR 64.6 million during the period.

It is noteworthy that as at the date of this Prospectus, the Group's ownership in Jadat AlOula Real Estate Development Company amounted to 9.2%.

Other Income

Other income primarily include gains from the revaluation of financial assets at fair value through profit or loss, as well as additional revenue such as performance fee bonuses and income from bank deposits.

Other income decreased from SAR 11.7 million in FY2021G to SAR 6.4 million in FY2022G, mainly due to a reduction in gains from the revaluation of financial assets at fair value through profit or loss by SAR 7.0 million. However, this was partially offset by an increase in other income of SAR 1.6 million, related to a discount of SAR 2.6 million on a prepayment for the acquisition of land from Abdullah Al-Rajhi.

Other income further decreased by 29.3% from SAR 6.4 million in FY2022G to SAR 4.5 million in FY2023G, mainly due to losses from the revaluation of financial assets at fair value through profit or loss amounting to SAR 2.5 million. However, this was offset by an increase in other income from SAR 3.8 million to SAR 7.0 million, related to performance fees paid by the Blom and Musharaka funds to the Group for meeting certain targets. According to the agreement with these non-consolidated funds at their inception, the Group receives a portion of the revenue from these funds' projects.

Zakat

In 2022G, the Group received approval from the Zakat, Tax, and Customs Authority (ZATCA) to submit a unified Zakat declaration, including the final results of the parent company and its wholly-owned subsidiaries. Zakat expenses decreased from SAR 20.3 million in FY2021G to SAR 19.2 million in FY2022G and further to SAR 3.9 million in FY2023G, driven by the reversal of an additional provision of SAR 8.8 million from the previous period. This reversal was a result of the approval by ZATCA in 2022G, following the approval of the Group's consolidated financial statements, allowing the submission of a unified Zakat declaration, except for partially-owned subsidiaries.

Profit for the period

Net Profit decreased by 52.1% from SAR 297.2 million in FY2021G to SAR 142.4 million in FY2022G, due to a decrease in revenue from sale of completed inventory properties by SAR 29.6 million, primarily as a result of a decrease in the number of units sold from 874 to 735 residential units, as well as lower profit margins from unit sales due to higher land and construction costs. Additionally, there was a drop in profitability from land sales. The gross profit margin decreased from 29.8% in FY2021G to 21.7% in FY2022G.

Gross profit increased by 17.3% from SAR 142.4 million in FY2022G to SAR 167.0 million in FY2023G, driven by the rise in the number of units sold from 735 to 807 during the period, along with gains from the revaluation of an investment property amounting to SAR 52.3 million. This investment property was developed by the Group for rental purposes. However, this was partially offset by performance fees amounting to SAR 33.5 million, paid by the consolidated funds to the fund manager, Jadwa Investment Company.

Other Comprehensive Income

Other comprehensive income decreased by 48.7% from SAR 295.3 million in FY2021G to SAR 151.6 million in FY2022G, in line with the decrease of the profit of the year during the same period. This was partially offset by the gain on the remeasurement of the employees' defined benefits which amounted to SAR 4.3 million in FY2022G.

Other comprehensive income increased by 11.9% to reach SAR 169.6 million in FY2023G, as a result of the Group's operations growth during the same period; which was partially offset by the decrease of the gain on the remeasurement of the employees' defined benefits by SAR 4.0 million during this period.

6.10.1.1 Operating income

6.10.1.1.1 Revenue by Type

The table below summarizes revenue by type for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G.

Table 6.8: Revenue by Type

SAR 000s	FY2021G (Adjusted)	FY2022G (Adjusted)	FY2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue from sale of completed inventory properties	741,686	712,067	853,853	(4.0%)	19.9%	7.3%
Real Estate Development Income	104,205	29,087	55,507	(72.1%)	90.8%	(27.0%)
Valuation gains from investment property *	38,796	9,190	52,280	(76.3%)	468.9%	16.1%
Real Estate Commission Income	16,119	33,153	39,099	105.7%	17.9%	55.7%
Maintenance Income	-	-	14,625	N/A	N/A	N/A
Revenue from sale of investment property	-	39,587	11,291	N/A	(71.5%)	N/A
Revenue from Land Sales	237,137	204,192	8,141	(13.9%)	(96.0%)	(81.5%)
Rental Income	-	916	5,308	N/A	479.4%	N/A
Total Revenue	1,137,942	1,028,192	1,040,104	(9.6%)	1.2%	(4.4%)
As Percentage of Revenue	As Percentage of Revenue for FY2021G	As Percentage of Revenue for FY2022G	As Percentage of Revenue for FY2023G	%pt. 2021G-2022G	%pt. 2022G-2023G	%pt. 2021G-2023G
Revenue from sale of completed inventory properties	65.2%	69.3%	82.1%	4.1	12.8	16.9
Real Estate Development Income	9.2%	2.8%	5.3%	(6.3)	2.5	(3.8)
Valuation gains from investment property	3.4%	0.9%	5.0%	(2.5)	4.1	1.6
Real Estate Commission Income	1.4%	3.2%	3.8%	1.8	0.5	2.3
Maintenance Income	0.0%	0.0%	1.4%	-	1.4	1.4
Revenue from Sale of Investment Property	0.0%	3.9%	1.1%	3.9	(2.8)	1.1
Revenue from Land Sales	20.8%	19.9%	0.8%	(1.0)	(19.1)	(20.1)
Rental Income	0.0%	0.1%	0.5%	0.1	0.4	0.5
Total Revenue	100.0%	100.0%	100.0%	-	-	-

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and Management information.

(*) Valuation gains from investment property are classified under revenue as they are included in the gross profit analysis.

6.10.1.1.1 Revenue from sale of completed inventory properties

Revenue from the sale of Completed Inventory Properties relate to the sale of units from projects fully developed and owned by the Group, which are often residential units.

Revenue from sale of completed inventory properties represent the Group's main source of revenue, accounting for 65.2%, 69.3%, and 82.1% of the Group's total revenue in the financial years FY2021G, FY2022G, and FY2023G, respectively. Sales revenue from the Completed Inventory Properties is recognized when the title deed is transferred to the client. Upon receipt of the sum from the client, the amount is recorded under the contract assets until the title deed is transferred to them.

Revenue from the sale of Completed Inventory Properties decreased by 4.0% from SAR 741.7 million in FY2021G to SAR 712.1 million in FY2022G, due to a decrease in the number of units sold from 874 units (116.1 thousand square meters) to 735 units (110.8 thousand square meters), partially offset by an increase in the average price per square meter from SAR 6.39 thousand per square meter to SAR 6.43 thousand during the same period, in line with the rise in market prices and improved unit specifications.

Revenue from the sale of Completed Inventory Properties increased by 19.9% from SAR 712.1 million in FY2022G to SAR 853.9 million in FY2023G, owing to an increase in the number of units sold from 735 units (110.8 thousand square meters) to 807 units (122.7 thousand square meters), mainly related to AlDar Investment Fund projects, in addition to an increase in the average price per square meter by SAR 355 per square meter, as a result of the provision of more amenities (gym, swimming pool, etc.) and in line with the increase in market prices.

Table 6.9: Revenue from sale of completed inventory properties by Project in FY2021G

SAR 000s	Revenue	Number of Units Sold	Area of Units Sold	Average Price per Square Meter (SAR)
AlMajdiah 103	193,731	200	28,595	6,775
AlMajdiah 95	79,664	90	11,055	7,206
AlMajdiah 102	77,335	100	14,488	5,338
AlMajdiah 110	74,282	78	12,210	6,084
AlMajdiah 92	62,249	82	11,395	5,463
AlMajdiah 105	49,009	66	8,209	5,970
AlMajdiah 106	44,230	56	7,871	5,619
AlMajdiah 100	40,910	38	5,566	7,350
AlMajdiah 104	36,815	42	6,829	5,391
Sakan 4	29,702	44	N/A	N/A
AlMajdiah 101	17,707	21	2,752	6,434
AlMajdiah 96	15,387	26	2,925	5,261
AlMajdiah 113	14,373	17	2,087	6,887
AlMajdiah 90	3,797	7	1,091	3,480
AlMajdiah 70B	1,433	2	300	4,777
AlMajdiah 66	1,239	2	296	4,186
AlMajdiah 82	749	1	147	5,095
AlMajdiah 60	613	1	148	4,142
AlMajdiah 88	400	1	136	2,941
Other Income*	(1,939)	N/A	N/A	N/A
Total Revenue from sale of completed inventory properties	741,686	874	116,100	6,388**

Source: Management information.

* Other income relate to the lease revenue which are mistakenly classified as revenue from the sale of the Completed Inventory Properties.

** This figure represents the average price per square meter for the period.

Revenue from the sale of Completed Inventory Properties amounted to SAR 741.7 million, with the Group selling 874 residential units at an average price of SAR 6.4 thousand per square meter. These residential units were part of 19 projects, the largest of which was AlMajdiah 103, where the Group sold 200 residential units worth SAR 193.7 million.

Here is a summary of the projects and their performance during FY2021G:

AlMajdiah 103

The AlMajdiah 103 project is located in the Al Taawun District, Riyadh. AlMajdiah 103 recorded revenue of SAR 193.7 million in FY2021G from the sale of 200 residential units (28.6 thousand square meters at SAR 6.8 thousand per square meter). No residential units were available for sale in the AlMajdiah 103 project as at 31 December 2021G.

AlMajdiah 95

The AlMajdiah 95 project is located in the Al Alameen District, Riyadh. AlMajdiah 95 recorded revenue of SAR 79.7 million in FY2021G from the sale of 90 residential units (11.1 thousand square meters at SAR 7.2 thousand per square meter). No residential units were available for sale in the AlMajdiah 95 project as at 31 December 2021G.

AlMajdiah 102

The AlMajdiah 102 project is located in the Al Arid District, Riyadh. AlMajdiah 102 recorded revenue of SAR 77.3 million in FY2021G from the sale of 100 residential units (14.5 thousand square meters at SAR 5.3 thousand per square meter). AlMajdiah 102 was not fully sold, and 32 residential units remained available for sale as at 31 December 2021G.

AlMajdiah 110

The AlMajdiah 110 project is located in the Al Nafil District, Riyadh. AlMajdiah 110 recorded revenue of SAR 74.3 million in FY2021G from the sale of 78 residential units (12.2 thousand square meters at SAR 6.1 thousand per square meter). AlMajdiah 110 was not fully sold, and one residential unit remained available for sale as at 31 December 2021G.

AlMajdiah 92

The AlMajdiah 92 project is located in the AlYasmeen District, Riyadh. AlMajdiah 92 recorded revenue of SAR 62.2 million in FY2021G from the sale of 82 residential units (11.4 thousand square meters at SAR 5.5 thousand per square meter). No residential units were available for sale in the AlMajdiah 92 project as at 31 December 2021G.

AlMajdiah 105

The AlMajdiah 105 project is located in the Granada District, Riyadh. AlMajdiah 105 recorded revenue of SAR 49.0 million in FY2021G from the sale of 66 residential units (8.2 thousand square meters at SAR 6.0 thousand per square meter). No residential units were available for sale in the AlMajdiah 105 project as at 31 December 2021G.

AlMajdiah 106

The AlMajdiah 106 project is located in the Al Muruj District, Riyadh. AlMajdiah 106 recorded revenue of SAR 44.2 million in FY2021G from the sale of 56 residential units (7.9 thousand square meters at SAR 5.6 thousand per square meter). No residential units were available for sale in the AlMajdiah 106 project as at 31 December 2021G.

AlMajdiah 100

The AlMajdiah 100 project is located in the Al Ghadeer District, Riyadh. AlMajdiah 100 recorded revenue of SAR 40.9 million in FY2021G from the sale of 38 residential units (5.6 thousand square meters at SAR 7.4 thousand per square meter). No residential units were available for sale in the AlMajdiah 100 project as at 31 December 2021G.

AlMajdiah 104

The AlMajdiah 104 project is located in the Al Qairawan District, Riyadh. AlMajdiah 104 recorded revenue of SAR 36.8 million in FY2021G from the sale of 42 residential units (6.8 thousand square meters at SAR 5.4 thousand per square meter). No residential units were available for sale in the AlMajdiah 104 project as at 31 December 2021G.

Sakan 4

The Sakan 4 project is located in the Irqah District, Riyadh. Sakan 4 recorded revenue of SAR 29.7 million in FY2021G from the sale of 44 residential units. The project was not fully sold, and one residential unit remained available for sale as at 31 December 2021G.

AlMajdiah 101

The AlMajdiah 101 project is located in the Hittin District, Riyadh. AlMajdiah 101 recorded revenue of SAR 17.7 million in FY2021G from the sale of 21 residential units (2.8 thousand square meters at SAR 6.4 thousand per square meter). No residential units were available for sale in the AlMajdiah 101 project as at 31 December 2021G.

AlMajdiah 96

The AlMajdiah 96 project is located in the Al Qairawan District, Riyadh. AlMajdiah 96 recorded revenue of SAR 15.4 million in FY2021G from the sale of 26 residential units (2.9 thousand square meters at SAR 5.3 thousand per square meter). No residential units were available for sale in the AlMajdiah 96 project as at 31 December 2021G.

AlMajdiah 113

The AlMajdiah 113 project is located in the Al Rayan District, Riyadh. AlMajdiah 113 recorded revenue of SAR 14.4 million in FY2021G from the sale of 17 residential units (2.1 thousand square meters at SAR 6.9 thousand per square meter). The project was not fully sold, and 79 residential units remained available for sale as at 31 December 2021G.

AlMajdiah 90

The AlMajdiah 90 project is located in the AlYasmeen District, Riyadh. AlMajdiah 90 recorded revenue of SAR 3.8 million in FY2021G from the sale of 7 residential units (1.1 thousand square meters at SAR 3.5 thousand per square meter). No residential units were available for sale in the AlMajdiah 90 project as at 31 December 2021G.

AlMajdiah 70B

The AlMajdiah 70B project is located in the Al Nada District, Riyadh. AlMajdiah 70B recorded revenue of SAR 1.4 million in FY2021G from the sale of 2 residential units (300 square meters at SAR 4.8 thousand per square meter). No residential units were available for sale in the AlMajdiah 70B project as at 31 December 2021G.

AlMajdiah 66

The AlMajdiah 66 project is located in the AlYasmeen District, Riyadh. AlMajdiah 66 recorded revenue of SAR 1.2 million in FY2021G from the sale of 2 residential units (0.3 thousand square meters at SAR 4.2 thousand per square meter). No residential units were available for sale in the AlMajdiah 66 project as at 31 December 2021G.

AlMajdiah 82

The AlMajdiah 82 project is located in the Al Nada District, Riyadh. AlMajdiah 82 recorded revenue of SAR 0.7 million in FY2021G from the sale of 1 residential unit (147 square meters at SAR 5.1 thousand per square meter). No residential units were available for sale in the AlMajdiah 82 project as at 31 December 2021G.

AlMajdiah 60

The AlMajdiah 60 project is located in the Al Khuzama District, Riyadh. AlMajdiah 60 recorded revenue of SAR 0.6 million in FY2021G from the sale of 1 residential unit (148 square meters at SAR 4.1 thousand per square meter). No residential units were available for sale in the AlMajdiah 60 project as at 31 December 2021G.

AlMajdiah 88

The AlMajdiah 88 project is located in the Al Ghadir District, Riyadh. AlMajdiah 88 recorded revenue of SAR 0.4 million in FY2021G from the sale of 1 residential unit (136 square meters at SAR 2.9 thousand per square meter). No residential units were available for sale in the AlMajdiah 88 project as at 31 December 2021G.

Table 6.10: Revenue from sale of completed inventory properties by Project in FY2022G

SAR 000s	Revenue	Number of Units Sold	Area of Units Sold	Average Price per Square Meter (SAR)
AlMajdiah Village	310,753	336	47,981	6,477
AlMajdiah 112	209,249	194	33,274	6,289
AlMajdiah 113	73,679	79	10,256	7,184
AlMajdiah 124	59,370	61	8,133	7,300
AlMajdiah 102	30,324	32	6,286	4,824
AlMajdiah 117	27,503	32	4,571	6,017
AlMajdiah 110	1,189	1	288	4,128
Total	712,067	735	110,789	6,427*

Source: Management information.

* This figure represents the average price per square meter for the period.

Revenue from the sale of Completed Inventory Properties reached SAR 712.1 million in FY2022G, related to the sale of 735 residential units at an average price of SAR 6.4 thousand per square meter. The sales were related to 7 projects, most notably AlMajdiah Village (336 residential units for SAR 310.8 million), AlMajdiah 112 (194 residential units for SAR 209.2 million), and AlMajdiah 113 (79 residential units for SAR 73.7 million). It is worth noting that the projects in FY2022G were larger compared to previous periods.

AlMajdiah Village

The AlMajdiah Village project is located in the Hittin District, Riyadh. AlMajdiah Village recorded revenue of SAR 310.8 million in FY2022G from the sale of 336 residential units (48.0 thousand square meters at SAR 6.5 thousand per square meter). The project was not fully sold, and two residential units remained available for sale as at 31 December 2022G.

AlMajdiah 112

The AlMajdiah 112 project is located in the Hittin District, Riyadh. AlMajdiah 112 recorded revenue of SAR 209.2 million in FY2022G from the sale of 194 residential units (33.3 thousand square meters at SAR 6.3 thousand per square meter). The project was not fully sold, and two residential units remained available for sale as at 31 December 2022G.

AlMajdiah 113

The AlMajdiah 113 project is located in the Al Rayan District, Riyadh. AlMajdiah 113 recorded revenue of SAR 73.7 million in FY2022G from the sale of 79 residential units (10.3 thousand square meters at SAR 7.2 thousand per square meter). No residential units were available for sale in the AlMajdiah 113 project as at 31 December 2022G.

AlMajdiah 124

The AlMajdiah 124 project is located in the AlYasmeen District, Riyadh. AlMajdiah 124 recorded revenue of SAR 59.4 million in FY2022G from the sale of 61 residential units (8.1 thousand square meters at SAR 7.3 thousand per square meter). The project was not fully sold, and 131 residential units remained available for sale as at 31 December 2022G.

AlMajdiah 102

The AlMajdiah 102 project is located in the Al Areej District, Riyadh. AlMajdiah 102 recorded revenue of SAR 30.3 million in FY2022G from the sale of 32 residential units (6.3 thousand square meters at SAR 4.8 thousand per square meter). No residential units were available for sale in the AlMajdiah 102 project as at 31 December 2022G.

AlMajdiah 117

The AlMajdiah 117 project is located in the Abha District, Riyadh. AlMajdiah 117 recorded revenue of SAR 27.5 million in FY2022G from the sale of 32 residential units (4.6 thousand square meters at SAR 6.0 thousand per square meter). The project was not fully sold, and 109 residential units remained available for sale as at 31 December 2022G.

AlMajdiah 110

The AlMajdiah 110 project is located in the Al Nafel District, Riyadh. AlMajdiah 110 recorded revenue of SAR 1.2 million in FY2022G from the sale of 1 residential unit (0.3 thousand square meters at SAR 4.1 thousand per square meter). No residential units were available for sale in the AlMajdiah 110 project as at 31 December 2022G.

Table 6.11: Revenue from sale of completed inventory properties by Project in FY2023G

SAR 000s	Revenue	Number of Units Sold	Area of Units Sold	Average Price per Square Meter (SAR)
AlMajdiah 125	288,817	250	40,898	7,062
AlMajdiah 124	140,438	131	19,317	7,270
AlMajdiah 130	137,091	153	20,536	6,676
AlMajdiah 117	120,139	108	18,461	6,508
AlMajdiah 137	84,038	78	11,113	7,562
AlMajdiah 152	28,654	31	4,755	6,026
AlMajdiah 136	28,590	32	4,465	6,403
AlMajdiah 138	18,443	18	2,282	8,081
AlMajdiah 112	2,899	2	343	8,451

SAR 000s	Revenue	Number of Units Sold	Area of Units Sold	Average Price per Square Meter (SAR)
AlMajdiah Village	2,577	2	340	7,579
AlMajdiah 118	1,168	1	158	7,390
Sakan 4	1,000	1	N/A	N/A
Total Revenue from sale of completed inventory properties	853,853	807	122,668	6,961*

Source: Management information.

* This figure represents the average price per square meter for the period.

Revenue from the sale of Completed Inventory Properties reached SAR 853.9 million in FY2023G, related to the sale of 807 residential units at an average price of SAR 7.0 thousand per square meter. The sales were related to 12 projects, most notably AlMajdiah 125 (250 residential units for SAR 288.8 million), AlMajdiah 124 (131 residential units for SAR 140.4 million), and AlMajdiah 130 (153 residential units for SAR 137.1 million).

AlMajdiah 125

The AlMajdiah 125 project is located in the King Salman District, Riyadh. AlMajdiah 125 recorded revenue of SAR 288.8 million in FY2023G from the sale of 250 residential units (40.9 thousand square meters at SAR 7.1 thousand per square meter). No residential units were available for sale in AlMajdiah 125 as at 31 December 2023G.

AlMajdiah 124

The AlMajdiah 124 project is located in the AlYasmeen District, Riyadh. AlMajdiah 124 recorded revenue of SAR 140.4 million in FY2023G from the sale of 131 residential units (19.3 thousand square meters at SAR 7.3 thousand per square meter). The AlMajdiah 124 project was not fully sold and 14 residential units remain available for sale as at 31 December 2023G.

AlMajdiah 130

The AlMajdiah 130 project is located in the Narjis District, Riyadh. AlMajdiah 130 recorded revenue of SAR 137.1 million in FY2023G from the sale of 153 residential units (20.5 thousand square meters at SAR 6.7 thousand per square meter). The project was not fully sold, with 39 residential units remaining available for sale as at 31 December 2023G.

AlMajdiah 117

The AlMajdiah 117 project is located in the Abha District, Riyadh. AlMajdiah 117 recorded revenue of SAR 120.1 million in FY2023G from the sale of 108 residential units (18.5 thousand square meters at SAR 6.5 thousand per square meter). The project was not fully sold, with one residential unit remaining available for sale as at 31 December 2023G.

AlMajdiah 137

The AlMajdiah 137 project is located in the Al Nafel District, Riyadh. AlMajdiah 137 recorded revenue of SAR 84.0 million in FY2023G from the sale of 78 residential units (11.1 thousand square meters at SAR 7.6 thousand per square meter). No residential units were available for sale in AlMajdiah 137 as at 31 December 2023G.

AlMajdiah 152

The AlMajdiah 152 project is located in the Al Wadi District, Riyadh. AlMajdiah 152 recorded revenue of SAR 28.7 million in FY2023G from the sale of 31 residential units (4.8 thousand square meters at SAR 6.0 thousand per square meter). The project was not fully sold, with 11 residential units remaining available for sale as at 31 December 2023G.

AlMajdiah 136

The AlMajdiah 136 project is located in the Qurtubah District, Riyadh. AlMajdiah 136 recorded revenue of SAR 28.6 million in FY2023G from the sale of 32 residential units (4.5 thousand square meters at SAR 6.4 thousand per square meter). No residential units were available for sale in AlMajdiah 136 as at 31 December 2023G.

AlMajdiah 138

The AlMajdiah 138 project is located in the Al Nozha District, Riyadh. AlMajdiah 138 recorded revenue of SAR 18.4 million in FY2023G from the sale of 18 residential units (2.3 thousand square meters at SAR 8.1 thousand per square meter). The project was not fully sold, with 10 residential units remaining available for sale as at 31 December 2023G.

AlMajdiah 112

The AlMajdiah 112 project is located in the Hittin District, Riyadh. AlMajdiah 112 recorded revenue of SAR 2.9 million in FY2023G from the sale of 2 residential units (343 square meters at SAR 8.5 thousand per square meter). No residential units were available for sale in AlMajdiah 112 as at 31 December 2023G.

AlMajdiah Village

The AlMajdiah Village project is located in the Hittin District, Riyadh. AlMajdiah Village recorded revenue of SAR 2.6 million in FY2023G from the sale of 2 residential units (340 square meters at SAR 7.6 thousand per square meter). No residential units were available for sale in AlMajdiah Village as at 31 December 2023G.

AlMajdiah 118

The AlMajdiah 118 project is located in the Al Rabi District, Riyadh. AlMajdiah 118 recorded revenue of SAR 1.2 million in FY2023G from the sale of 1 residential unit (158 square meters at SAR 7.4 thousand per square meter).

Sakan 4

The Sakan 4 project is located in the Irqah District, Riyadh. Sakan 4 recorded revenue of SAR 1.0 million in FY2023G from the sale of 1 residential unit. No residential units were available for sale in Sakan 4 as at 31 December 2023G.

6.10.1.1.2 Real Estate Development Income

Table 6.12: Real Estate Development Income by Project

SAR 000s	FY2021G	FY2022G	FY2023G	2021G -2022G (Adjusted)	2022G -2023G (Adjusted)	CAGR 2021G -2023G
AlMajdiah 147	-	-	13,790	N/A	N/A	N/A
AlMajdiah 120	16,774	-	4,673	(100.0%)	N/A	(47.2%)
AlMajdiah 115	27,188	-	4,673	(100.0%)	N/A	(58.5%)
AlMajdiah 139C	-	2,310	3,800	N/A	64.5%	N/A
AlMajdiah 119	1,906	863	3,354	(54.7%)	288.5%	32.7%
AlMajdiah 133	-	4,120	3,200	N/A	(22.3%)	N/A
AlMajdiah 155	-	1,260	2,563	N/A	103.4%	N/A
AlMajdiah 185	-	-	2,485	N/A	N/A	N/A
AlMajdiah 139A	-	-	2,400	N/A	N/A	N/A
AlMajdiah 151	-	350	2,182	N/A	523.3%	N/A
Top 10 Projects	45,868	8,903	43,119	(80.6%)	384.3%	(3.0%)
Other	58,337	20,184	12,387	(65.4%)	(38.6%)	(53.9%)
Total	104,205	29,087	55,507	(72.1%)	90.8%	(27.0%)

Source: Management information.

Real estate development income pertains to revenue earned by the Group through overseeing the development and management of projects for clients (including funds), with the Group managing all contractor relationships in exchange for a development fee. The Group prices its services for real estate development contracts either using a fixed-fee structure or on a cost-plus basis.

Real estate development income represented 9.2%, 2.8%, and 5.3% of the Group's total operating income in FY2021G, FY2022G, and FY2023G, respectively. In the real estate development sector, the Group recognizes revenue based on the contract entered into with the client. Starting from FY2022G, amounts collected on behalf of third parties are excluded. The Group recognizes revenue over time when it has an enforceable right to receive payment for its services based on the completed performance to date. Otherwise, revenue is recognized upon the delivery of the project to the client.

The following are the three types of contracts the Group used during the review period:

1. Contracts that explicitly state that the group's payment for services is only received after project delivery, with revenue recognized in full upon completion. This was the case for AlMajdiah 120 and 115 projects.
2. Contracts ensuring development fees are paid upon receiving advance payments from clients.
3. Contracts ensuring development fees are paid when construction costs are transferred to the client.

It should be noted that during FY2021G, the Group recorded the full development costs and amounts passed on in its profit and loss account, affecting the margin recorded for real estate development. However, starting in FY2022G, the Group recorded its realized development fee revenue based on the actual amounts paid to contractors, while costs were directly transferred to the client without impacting the group's profit and loss account.

Revenue from real estate development decreased by 72.1%, from SAR 104.2 million in FY2021G to SAR 29.1 million in FY2022G, due to the change in the revenue recognition method and related costs in this sector during FY2022G, as management previously recorded total development costs passed to the client and development fees as revenue, while the sector's costs included the entire project's development costs.

Revenue from real estate development increased by 90.8%, from SAR 29.1 million in FY2022G to SAR 55.5 million in FY2023G, which aligns with the increase in the number of projects, especially regarding the AlMajdiah 147 project with the Blom Fund, which generated SAR 13.8 million. Additionally, the AlMajdiah 120 and 115 projects with Jadat AlOula brought in SAR 4.7 million. However, this was partially offset by the completion of the AlMajdiah Village project (by SAR 5.1 million) and a decrease in revenue from the AlMajdiah 127 project by SAR 2.9 million.

6.10.1.1.3 Valuation gains from investment property

Gains from real estate investment valuation relate to realized gains or losses resulting from changes in the value of investment properties owned by the Group.

Gains from investment property evaluation represented 3.4%, 0.9%, and 5.0% of the Group's total operating income for FY2021G, FY2022G, and FY2023G, respectively, and were related to Al-Rimal land, AlMajdiah 131, and a land in Al Uyaynah (Project 141). The investment properties are valued by an accredited external consultant.

Gains from investment property evaluation decreased by 76.3% from SAR 38.8 million in FY2021G to SAR 9.2 million in FY2022G, as a result of exceptional gains from the evaluation of Al-Rimal land amounting to SAR 38.8 million in 2021G.

The gains increased by 468.9% from SAR 9.2 million in FY2022G to SAR 52.3 million in FY2023G, primarily due to (i) AlMajdiah 131 project, which recorded a revaluation gain of SAR 44.1 million, where the property was valued using a discounted cash flow (DCF) model and market benchmarks, considering it a residential project generating rental income, and (ii) a land in Al Uyaynah (Project 141), which recorded a revaluation gain of SAR 5.6 million, partially offset by the decrease in gains from Al-Rimal land, which dropped from SAR 9.2 million to SAR 2.6 million during the period.

6.10.1.1.4 Real Estate Commission Income

Real estate commission income relates to commissions earned by the Group through facilitating the sale of properties, whether land or residential units. The growth in real estate commission income is primarily linked to the increase in revenue from property development; noting that a significant portion of the commission income comes from dealings with investment funds such as AlDar Investment Fund, Blom Fund, and Musharaka Fund.

Real estate commission income represented 1.4%, 3.2%, and 3.8% of the Group's total operating income in FY2021G, FY2022G, and FY2023G, respectively. The Group charges a commission of 2.5% of the sale amount for each unit or land sold.

Real estate commission income increased by 105.7% from SAR 16.1 million in FY2021G to SAR 33.2 million in FY2022G, driven by a rise in commissions from unit sales amounting to SAR 24.3 million, particularly from the AlMajdiah Village project, which generated commission income of SAR 7.7 million.

Real estate commission income further increased by 17.9% from SAR 33.2 million in FY2022G to SAR 39.1 million in FY2023G, due to an increase in commissions from land sales amounting to SAR 10.3 million, mainly from AlFaroq land, which generated commission income of SAR 9.7 million, which was partially offset by a decrease in commissions from unit sales amounting to SAR 5.0 million due to a decline in the number of sold projects.

6.10.1.1.5 Maintenance Income

Maintenance income represents the fixed fee revenue recorded for amounts received from customers (these amounts are recognized as contract liabilities until the services are provided) at the conditional exchange of contracts related to the five-year future maintenance obligation as part of the sale of completed inventory properties contract. Maintenance income amounted to SAR 14.6 million in the financial year and represented 1.4% of the group's total revenue during the period. The maintenance income is related to five projects associated with AlDar Investment Fund, namely AlMajdiah Village (SAR 4.7 million), AlMajdiah 112 (SAR 2.7 million), AlMajdiah 124 (SAR 2.6 million), AlMajdiah 130 (SAR 2.5 million), and AlMajdiah 125 (2.0 million), where the maintenance fee per residential unit amounted to SAR 14,000 over five years.

6.10.1.1.6 Revenue from sale of investment properties

Revenue from sale of investment properties pertains to income earned by the Group through the sale of investment properties it initially owned for investment purposes but later decided to sell. This contrasts with revenue from the sale of completed real estate inventory, which relates to income earned from selling projects the Group had developed specifically for sale.

Revenue from Sale of Investment Property represented 0.0%, 3.9%, and 1.1% of the Group's total revenue in FY2021G, FY2022G, and FY2023G, respectively. These revenue relate to plots of land in Al-Rimal that the Group acquired for investment purposes but chose to sell.

Revenue from Sale of Investment Property amounted to SAR 39.6 million in FY2022G, resulting from the sale of three land plots, and decreased to SAR 11.3 million in FY2023G.

6.10.1.1.7 Revenue from Land Sales

Revenue from land sales pertain to income earned by the Group through the sale of land it owns.

Revenue from land sales accounted for 20.8%, 19.9%, and 0.8% of the Group's total operating income in FY2021G, FY2022G, and FY2023G, respectively.

Revenue from land sales decreased by 13.9% from SAR 237.1 million in FY2021G to SAR 204.2 million in FY2022G, due to a decrease in the number of lands sold, from 8 plots totaling 54.2 thousand square meters to 4 plots totaling 34.7 thousand square meters. This decline was partially offset by an increase in the average price per square meter from SAR 4.4 thousand in FY2021G to SAR 5.9 thousand in FY2022G, in line with market prices.

Revenue from land sales decreased by 96.0% from SAR 204.2 million in FY2022G to SAR 8.1 million in FY2023G, due to a decrease in the number of lands sold from 4 plots totaling 34.7 thousand square meters to 3 plots totaling 2.3 thousand square meters, as well as a decrease in the average price per square meter from SAR 5.9 thousand to SAR 3.5 thousand during the period, influenced by the location of the lands.

6.10.1.1.8 Rental Income

Rental income began in FY2022G, representing 0.1% and 0.5% of the Group's total operating income in FY2022G and FY2023G, respectively. Rental income amounted to SAR 916 thousand in FY2022G, related to the rental of residential units in AlMajdiah 69. Rental income increased to SAR 5.3 million due to the rental of residential units in AlMajdiah 131, amounting to SAR 4.2 million, and the leasing of common spaces in AlMajdiah Village, which generated SAR 0.1 million. Additionally, there was a slight increase in rental income from AlMajdiah 69, totaling SAR 81,000, in line with the Group's objective of growing its rental income.

6.10.1.2 Operating Costs

The table below summarizes the operating costs for FY2021G, FY2022G and FY2023G.

Table 6.13: Operating Costs for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Adjusted)	FY2022G (Adjusted)	FY2023G	Variance 2021G -2022G	Variance 2022G -2023G	CAGR 2021G -2023G
Cost of sales of completed inventory properties	525,309	565,402	684,305	7.6%	21.0%	14.1%
Other operating costs – development, commission, rent and maintenance	125,481	12,503	58,810	(90.0%)	370.4%	(31.5%)
Cost of sale of investment property	-	35,243	11,644	N/A	(67.0%)	N/A
Cost of sales of Land (Included in Inventory Properties)	123,547	191,563	7,180	55.1%	(96.3%)	(75.9%)
Provision for onerous contracts	23,566	-	-	(100.0%)	N/A	(100.0%)
Depreciation expense of right-of-use assets	457	457	457	0.0%	0.0%	0.0%
Total operating costs	798,361	805,168	762,396	0.9%	(5.3%)	(2.3%)

As a % of Operating income	As a % of Operating income for FY2021G	As a % of Operating income for FY2022G	As a % of Operating income for FY2023G	Percent Point 2021G-2022G	Percent Point 2022G-2023G	Percent Point 2021G-2023G
Cost of sales of completed inventory properties	46.2%	55.0%	65.8%	8.8	10.8	19.6
Other operating costs – development, commission, rent and maintenance	11.0%	1.2%	5.7%	(9.8)	4.4	(5.4)
Cost of sale of investment property	0.0%	3.4%	1.1%	3.4	(2.3)	1.1
Cost of sales of Land (Included in Inventory of Properties)	10.9%	18.6%	0.7%	7.8	(17.9)	(10.2)
Provision for onerous contracts	2.1%	0.0%	0.0%	(2.1)	0.0	(2.1)
Depreciation expense of right-of-use assets	0.0%	0.0%	0.0%	0.0	(0.0)	0.0
Total	70.2%	78.3%	73.3%	8.2	(5.0)	3.1

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and Management information.

Cost of Sales of Completed Inventory Properties

The cost of Sales from the Completed Inventory Properties increased by 7.6% from SAR 525.3 million in FY2021G to SAR 565.4 million in FY2022G, despite a reduction in the number of units sold by 139 residential units (5.3 thousand square meters). This increase was due to (i) the rise in land costs from SAR 1,536 per square meter in FY2021G to SAR 1,992 per square meter in FY2022G, which was related to the exceptionally low land prices in FY2021G. The lands for projects sold in 2021G were acquired in 2020G or earlier at lower prices. (ii) Construction costs also increased from SAR 2,382 per square meter in FY2021G to SAR 3,111 per square meter in FY2022G due to higher prices of raw materials used in construction, in addition to the improvement in the specifications of residential units. Furthermore, in FY2021G, the Group did not accrue for costs incurred during the final stages of the project after the start of unit sales, as it was difficult to estimate these costs during this period; these costs are mainly related to final finishing and maintenance work. In the subsequent periods, and following the sale of many projects, the Group started to accrue for these costs over the construction lifespan, i.e. during the project development process or by incurring these costs after project completion (as was the case before FY2021G).

The cost of Sales from the Completed Inventory Properties increased by 21.0% from SAR 565.4 million in FY2022G to SAR 684.3 million in FY2023G, in line with the increase in the number of units sold from 735 units to 807 units, along with the rise in the average price of land and construction costs per square meter during the period.

Other Operating Costs – Development, Commission, Rent, and Maintenance

Other operating costs – development, commission, rent, and maintenance decreased by 90.0% from SAR 125.5 million in FY2021G to SAR 12.5 million in FY2022G, due to a reduction in costs related to real estate development amounting to SAR 113.0 million. This decrease is primarily attributed to the change in the method of revenue and cost recognition for this sector during FY2022G, where the Group recorded the full development cost and transferred amounts to its profit and loss account in FY2021G. However, starting from FY2022G, the Group began recording its earned revenue from development fees based on the actual amounts paid to contractors, while transferring the costs directly to the client without impacting the Group's profit and loss account. These are the effective costs of the Project completion.

Other operating costs – development, commission, rent, and maintenance increased by 370.4% from SAR 12.5 million in FY2022G to SAR 58.8 million in FY2023G, due to the rise in operating costs related to project development. The Group made a provision of SAR 30.0 million for one project where the Group has committed this additional cost with a new contractor in order to complete the project as per the specifications.

Cost of Selling Investment Property

The cost of selling investment property primarily related to three plots of land in Al-Rimal in FY2022G and three other plots in FY2023G. The Group had acquired these lands for investment purposes but chose to sell them mainly to finance the repayment of part of its liabilities to related parties.

The cost of selling investment property was SAR 35.2 million in FY2022G and decreased to SAR 11.6 million in FY2023G, in line with the decline in sales of investment properties.

Cost of Land Sales (Including Inventory of Properties)

The cost of land sales increased by 55.1% from SAR 123.5 million in FY2021G to SAR 191.6 million in FY2022G. However, the actual cost in FY2021G should have been SAR 194.0 million, taking into account the misclassification of SAR 70.5 million related to the cost of selling Al Nakheel, Al Murouj, and Al Qairawan land. Based on this adjustment, the cost of land sales decreased from SAR 194.0 million in FY2021G to SAR 191.6 million, driven by a decrease in the total land area sold from 54.2 thousand square meters to 34.7 thousand square meters.

The cost of land sales decreased by 96.3% from SAR 191.6 million in FY2022G to SAR 7.2 million in FY2023G, in line with a reduction in the land area sold from 34.7 thousand square meters to 2.3 thousand square meters during the period.

Provision of onerous contracts

These costs relate to provisions for some supplier contracts where the unavoidable costs to fulfill the obligations exceed the expected economic benefits. These amounted to SAR 23.6 million in FY2021G.

Depreciation Expense of Right-of-Use Assets

The depreciation expense of right-of-use assets remained stable at SAR 457 thousand in FY2021G, FY2022G, and FY2023G. This expense is related to the lease of the AlMajdiah 69 project.

6.10.1.3 General and Administrative Expenses

The table below summarizes the general and administrative expenses for FY2021G, FY2022G and FY2023G.

Table 6.14: General and Administrative Expenses for FY2021G, FY2022G and FY2023G

SAR 000s	FY2021G (Adjusted)	FY2022G (Adjusted)	FY2023G	Variance 2021G -2022G	Variance 2022G -2023G	CAGR 2021G -2023G
Performance fees	-	-	33,482	N/A	N/A	N/A
Salaries and other benefits	14,062	20,414	19,946	45.2%	(23%)	19.1%
Administrative fees	7,149	10,902	8,427	52.5%	(22.7%)	8.6%
Professional fees	1,772	9,182	8,741	418.2%	(4.8%)	122.1%
Government fees	283	516	3,509	82.2%	579.5%	251.9%
Rent	-	-	2,733	N/A	N/A	N/A
Maintenance and repair	83	161	1,710	93.4%	960.1%	352.8%
Donations and gifts	597	956	2,355	60.0%	146.3%	98.6%
Provision for expected credit losses on trade receivables	-	4,131	(1,573)	N/A	N/A	N/A
Depreciation	353	744	956	110.7%	28.4%	64.5%
Utilities	201	460	456	129.3%	(0.9%)	50.7%
Hospitality	518	325	311	(37.2%)	(4.3%)	(22.5%)
Improvements	286	296	22	3.4%	(92.5%)	(72.2%)
Office improvements	167	155	177	(7.3%)	14.3%	3.0%
(Reversal of) Expected Credit Losses on Amounts due from Related Parties	2,021	(2,525)	-	N/A	(100.0%)	(100.0%)
Other	2,719	4,722	11,262	73.7%	138.5%	103.5%
Total	30,213	50,441	92,514	67.0%	83.4%	75.0%

As a % of Operating income	As a % of Operating income for FY2021G	As a % of Operating income for FY2022G	As a % of Operating income for FY2023G	Percent Point 2021G-2022G	Percent Point 2022G-2023G	Percent Point 2021G-2023G
Performance fees	0.0%	0.0%	3.2%	0.0	3.2	3.2
Salaries and other benefits	1.2%	2.0%	1.9%	0.7	(0.1)	0.7
Administrative fees	0.6%	1.1%	0.8%	0.4	(0.3)	0.2
Professional fees	0.2%	0.9%	0.8%	0.7	(0.1)	0.7
Government fees	0.0%	0.1%	0.3%	0.0	0.3	0.3
Rent	0.0%	0.0%	0.3%	0.0	0.3	0.3
Maintenance and repair	0.0%	0.0%	0.2%	0.0	0.1	0.2
Donations and gifts	0.1%	0.1%	0.2%	0.0	0.1	0.2
Provision for expected credit losses on trade receivables	0.0%	0.4%	(0.2%)	0.4	(0.6)	(0.2)
Depreciation	0.0%	0.1%	0.1%	0.0	0.0	0.1
Utilities	0.0%	0.0%	0.0%	0.0	(0.0)	0.0
Hospitality	0.0%	0.0%	0.0%	(0.0)	(0.0)	(0.0)
Improvements	0.0%	0.0%	0.0%	0.0	(0.0)	(0.0)
Office improvements	0.0%	0.0%	0.0%	0.0	0.0	0.0
(Reversal of) Expected Credit Losses on Amounts due from Related Parties	0.2%	(0.2%)	0.0%	(0.4)	0.2	(0.2)
Other	0.2%	0.5%	1.1%	0.2	0.6	0.8
Total	2.7%	4.9%	8.9%	2.3	4.0	6.2
Key Performance Indicators						
Average number of employees	108	101	94	(6.9%)	(6.5%)	(6.7%)
Average monthly employee expense (SAR)	10,850	16,927	17,683	56.0%	4.5%	27.7%

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and Management information.

Performance Fees

Performance fees represent one-time fees paid by the AIDar Investment Fund to the fund manager, Jadwa Investment Company. These fees amount to 15% of the profits realized that exceed a specified rate of return for the fund. It is noteworthy that the Group did not allocate for these fees during the project sale period but incurred them upon completion of the sale of projects and on the due date thereof. Performance fees amounted to SAR 33.5 million in the financial year 2023G. Performance fees were zero in FY2021G and FY2022G, as the projects had not been fully sold.

Salaries and Other Benefits

Salaries and other benefits include basic salary, housing allowance, and other allowances.

Salaries and other benefits increased by 45.2% from SAR 14.1 million in FY2021G to SAR 20.4 million in FY2022G, due to workforce restructuring, where underperforming and lower-paid employees were dismissed and replaced by higher-paid employees. This led to an increase in the average monthly employee cost from SAR 10.9 thousand to SAR 16.9 thousand, while the number of employees decreased from 108 to 101 during the period.

Salaries and other benefits slightly decreased by 2.3% from SAR 20.4 million in FY2022G to SAR 19.9 million in FY2023G, reflecting a normalization of employee costs.

Administrative Fees

Administrative fees refer to annual management fees paid by the consolidated funds to the Group's fund manager for managing fund assets. These fees range from 0.75% to 2% of the fund's invested capital, according to the funds' terms and conditions. Administrative fees increased by 52.5% from SAR 7.1 million in FY2021G to SAR 10.9 million in FY2022G, in line with the value of assets under management during the same period. Administrative fees then decreased by 22.7% from SAR 10.9 million in FY2022G to SAR 8.4 million in FY2023G, in line with the reduction in the fund's invested capital.

Professional Fees

Professional fees relate to consulting services, auditing, legal services, and other services.

Professional fees increased by 418.2% from SAR 1.8 million in FY2021G to SAR 9.2 million in FY2022G, due to (i) consulting fees of SAR 4.7 million related to arranging the AlRajhi Real Estate Development loan, (ii) consultancy fees for an internal project, and (3) an increase in fees paid to the financial auditor.

Professional fees decreased by 4.8% from SAR 9.2 million in FY2022G to SAR 8.7 million in FY2023G, as a result of the higher professional expenses related to the AlRajhi loan during FY2022G as they decreased from SAR 4.7 million in FY2022G to zero in FY2023G, partially offset by an increase in professional fees paid to the financial auditor, which now also covers the consolidated funds (related to Jadwa Investment Company).

Government Fees

Government fees relate to registration and licensing fees paid by the Group to government authorities. Government fees increased by 82.2% from SAR 283 thousand in FY2021G to SAR 516 thousand in FY2022G, and again to SAR 3.5 million in FY2023G, due to licensing fees incurred for transferring land in Al-Rimal to shareholders.

Rent

Rent expenses amounted to SAR 2.7 million in FY2023G for leasing a sales office. The lease term is one year and will not be renewed upon expiration.

Maintenance and Repairs

Maintenance and repair expenses relate to maintenance activities in the group's offices. Maintenance and repair expenses were SAR 83 thousand in FY2021G and increased to SAR 161 thousand in FY2022G.

These expenses further increased to SAR 1.7 million in FY2023G, related to maintenance work at the Hussam and Majed AlMajed Real Estate Company. Management assures that this increase is not exceptional and falls within the group's normal operations.

Donations and Gifts

Donations and gifts represent charitable contributions and activities carried out by the Group. Donations and gifts increased by 60.0% from SAR 597 thousand in FY2021G to SAR 956 thousand in FY2022G, and further to SAR 2.4 million in FY2023G. Management indicates that donations are made occasionally without following a fixed schedule.

Provision for Expected Credit Losses on Trade Receivables

The Group formed a provision for expected credit losses on trade receivables amounting to SAR 4.1 million during FY2022G. However, SAR 1.6 million of this provision was reversed in FY2023G. Management did not create a new provision, considering that the Group does not engage in credit sales.

Depreciation

Depreciation expenses increased from SAR 353 thousand in FY2021G to SAR 744 thousand in FY2022G, and further to SAR 956 thousand in FY2023G, in line with additions to properties and equipment, which amounted to SAR 1.2 million and SAR 1.4 million during FY2022G and FY2023G, respectively.

Utilities

Utilities refer to the operating expenses incurred by the Group, including electricity and water.

Utility expenses increased from SAR 201 thousand in FY2021G to SAR 460 thousand in FY2022G and FY2023G, in line with the Group's operational growth.

Hospitality

Hospitality expenses are related to hosting corporate events, meetings, project launches, and all associated gifts and sponsorship packages.

Hospitality expenses decreased from SAR 518 thousand in FY2021G to SAR 325 thousand in FY2022G, and further to SAR 311 thousand in FY2023G.

Improvements

Improvements refer to modifications made by the Group to enhance and upgrade its buildings, including the installation of new fixtures that extend the building's lifespan or significantly improve its functionality.

Improvement expenses amounted to SAR 286 thousand in FY2021G, SAR 296 thousand in FY2022G, and decreased to SAR 22 thousand in FY2023G, as the Group did not require significant improvements during this period.

Office Improvements

Office improvements refer to expenses related to interior renovations, office furniture, and new fixtures. Office improvement expenses decreased by 7.3% from SAR 167 thousand in FY2021G to SAR 155 thousand in FY2022G, and then increased to SAR 177 thousand in FY2023G.

(Reversal of) Expected Credit Losses on Amounts due from Related Parties

The Group recorded a provision for expected credit losses on amounts due from Related Parties amounting to SAR 2.0 million during FY2021G, which was reversed in FY2022G (SAR 2.5 million). No provision was made in FY2023G.

It should be noted that management estimates the provision for amounts due from related parties at the reporting date equal to the expected lifetime credit losses. As at 31 December 2023G, there were no overdue balances from Related Parties, and based on historical experience with defaults and future expectations for the industries in which the Related Parties operate, management considers that the amounts due from related parties have not decreased in value.

Other

Other general and administrative expenses mainly relate to fines and penalties associated with violations in AlMajdiah 133, AlMajdiah 129, AlMajdiah 142 projects, Board member bonuses, restructuring fees, health insurance, and other expenses.

Other expenses increased by 73.7% from SAR 2.7 million in FY2021G to SAR 4.7 million in FY2022G due to value-added tax (VAT) expenses amounting to SAR 1.1 million in FY2022G (compared to zero in FY2021G) and health insurance expenses of SAR 0.7 million in FY2022G.

Other expenses increased by 138.5% from SAR 4.7 million in FY2022G to SAR 11.3 million in FY2023G, primarily due to (i) an increase in fines and penalties amounting to SAR 2.1 million mainly related to violations in AlMajdiah 133, AlMajdiah 129, and AlMajdiah 142 projects, (ii) Board member bonuses amounting to SAR 1.7 million related only to fees paid to independent board members, (iii) restructuring fees amounting to SAR 0.9 million related to costs incurred after the new shareholders joined, (iv) an increase in health insurance costs by SAR 0.6 million, and (v) expenses related to former employees of the group amounting to SAR 1.0 million during the period.

6.10.1.4 Other Income

Table 6.15: Other Income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Adjusted)	FY2022G (Adjusted)	FY2023G	Variance 2021G - 2022G	Variance 2022G - 2023G	CAGR 2021G - 2023G
(Loss) Gain from the valuation of financial assets at FVTPL	9,496	2,540	(2,460)	(73.2%)	N/A	N/A
Other	2,208	3,832	6,966	73.5%	81.8%	77.6%
Total	11,704	6,372	4,506	(45.6%)	(29.3%)	(38.0%)

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and Management information

(Loss) Gain from the Valuation of Financial Assets at Fair Value Through Profit or Loss

The gains from the valuation of financial assets at fair value through profit or loss amounted to SAR 9.5 million in FY2021G, decreased to SAR 2.5 million in FY2022G, and recorded a loss of SAR 2.5 million in FY2023G due to a further decline in the market value of financial assets.

Other Income

Other income increased by 73.5% from SAR 2.2 million in FY2021G to SAR 3.8 million in FY2022G, driven by discounts amounting to SAR 2.6 million resulting from prepayments related to the acquisition of land from Abdullah AlRajhi, along with an increase in bank deposit income by SAR 710 thousand.

Other income increased by 81.8% from SAR 3.8 million in FY2022G to SAR 7.0 million in FY2023G, primarily due to performance fees collected from the Musharaka and Blom funds.

6.10.1.5 Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)

The table below summarizes EBITDA for FY2021G, FY2022G, and FY2023G.

Table 6.16: Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G	FY2022G	FY2023G	2021G -2022G (Adjusted)	2022G -2023G (Adjusted)	CAGR 2021G -2023G
Operating income	1,137,942	1,028,192	1,040,104	(9.6%)	1.2%	(4.4%)
Operating Cost	(798,361)	(805,168)	(762,396)	0.9%	(5.3%)	(2.3%)
Gross Profit	339,582	223,024	277,708	(34.3%)	24.5%	(9.6%)
General and administrative expenses	(30,213)	(50,441)	(92,514)	67.0%	83.4%	75.0%
Sales and marketing expenses	(7,725)	(13,179)	(12,451)	70.6%	(5.5%)	27.0%
Share in results of an associate	7,592	7,705	6,723	1.5%	(12.7%)	(5.9%)
Other income	11,704	6,372	4,506	(45.6%)	(29.3%)	(38.0%)
Depreciation and amortization	811	1,202	1,413	48.2%	17.6%	32.0%
Earnings before interest, taxes, depreciation and amortization	321,751	174,682	185,385	(45.7%)	6.1%	(24.1%)
As a % of Revenue	As a % of Revenue for FY2021G	As a % of Revenue for FY2022G	As a % of Revenue for FY2023G	Percent Point 2021G-2022G	Percent Point 2022G-2023G	Percent Point 2021G-2023G
Earnings before interest, taxes, depreciation and amortization	28.3%	17.0%	17.8%	(11.3)	0.8	(10.5)

Source: Management information.

EBITDA amounted to SAR 321.8 million in FY2021G and decreased to SAR 174.7 million in FY2022G due to (i) the decrease in gross profit by SAR 116.6 million in line with the decline in profitability from the Sales from the Completed Inventory Properties by SAR 116.6 million and profitability from land sales by SAR 30.5 million, in addition to the decrease in gains from the revaluation of investment property by SAR 29.6 million, and (ii) an increase in general and administrative expenses by SAR 20.2 million due to the increase in salaries, other benefits, and professional fees. The EBITDA margin decreased from 28.3% in FY2021G to 17.0% in FY2022G.

EBITDA increased from SAR 174.7 million to SAR 185.4 million, driven by an improvement in gross profit of SAR 54.7 million, partially offset by an increase in general and administrative expenses of SAR 42.1 million due to one-time performance fees of SAR 33.0 million paid from AlDar Investment Fund to the fund manager, Jadwa Investment Company. The EBITDA margin increased from 17.0% in FY2022G to 17.8% in FY2023G.

6.10.1.6 Finance Costs – Net

Table 6.17: Finance Cost – Net for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Adjusted)	FY2022G (Adjusted)	FY2023G	Variance 2021G -2022G	Variance 2022G -2023G	CAGR 2021G -2023G
Finance cost on Loans and borrowings	13,234	52,303	30,957	295.2%	(40.8%)	52.9%
Unwinding of transaction cost restriction	1,353	1,962	2,090	45.0%	6.5%	24.3%
Financing income on Murabaha deposits	-	-	(43)	N/A	N/A	N/A
Bank charges	246	998	5	306.4%	(99.5%)	(86.3%)
Interest on lease liability	105	74	41	(29.7%)	(44.1%)	(37.3%)
Total loan costs	14,938	55,337	33,050	270.4%	(40.3%)	48.7%
Less: Finance and cost capitalized transaction costs	(11,527)	(43,413)	(19,942)	276.6%	(54.1%)	31.5%
Total	3,411	11,924	13,108	249.6%	9.9%	96.0%

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and Management information.

Finance costs amounted to SAR 13.1 million in FY2023G, primarily related to financing cost on Loans and borrowings obtained from banks.

Finance costs increased from SAR 3.4 million in FY2021G to SAR 11.9 million in FY2022G, in line with the Group securing new loans, with the loan balance rising from SAR 700.3 million in FY2021G to SAR 950.6 million in FY2022G. This increase was mainly driven by loans from the Banque Saudi Fransi (SAR 226.3 million) and the Arab Bank (SAR 153.8 million) obtained by AIDar Investment Fund.

Finance costs increased from SAR 11.9 million in FY2022G to SAR 13.1 million in FY2023G, primarily due to a decrease in capitalized financing and transaction costs from SAR 4.43 million to SAR 19.9 million, related to projects associated with AIDar Investment Fund.

6.10.2 Unaudited Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G

The table below summarizes the data of the unaudited condensed consolidated interim statement of profit or loss and other comprehensive income for the Nine-Month Periods Ended 30 September 2023G and 2024G.

Table 6.18: Unaudited Condensed Consolidated Interim Statement of Profit or Loss and other Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Unaudited)	Nine-Month Period Ended 30 September 2024G (Unaudited)	Variance 2023G -2024G
Revenue from sale of completed inventory properties	600,856	789,758	31.4%
Revenue from the sale of lands	8,141	129,086	1,485.7%
Selling cost – Inventory of Properties	(464,001)	(623,064)	34.3%
Selling Cost - Lands	(7,177)	(102,214)	1,324.2%
Profit on Inventory of Properties	137,819	193,567	40.5%
Real estate commission Income	25,082	46,017	83.5%
Real estate development income	22,748	22,147	(2.6%)
Operating cost – development and commission	(8,993)	(17,049)	89.6%
Profit on real estate development and commissions	38,837	51,116	31.6%
Loss/Profit of valuation of investment properties	21,401	(746)	N/A
Loss/Profit from investment properties	21,401	(746)	N/A
Rental income	2,407	7,874	227.2%

SAR 000s	Nine-Month Period Ended 30 September 2023G (Unaudited)	Nine-Month Period Ended 30 September 2024G (Unaudited)	Variance 2023G - 2024G
Right-of-use assets depreciation	(340)	(459)	34.8%
Rental cost	-	(798)	N/A
Net lease income	2,066	6,617	220.2%
Maintenance income	10,488	12,411	18.3%
Maintenance cost	(8,255)	(9,799)	18.7%
Net maintenance income/(loss)	2,233	2,612	17.0%
Revenue	691,123	1,006,548	45.6%
Operating cost	(488,766)	(753,382)	54.1%
Gross profit	202,356	253,166	25.1%
General and administrative expenses	(46,183)	(51,180)	10.8%
Selling and marketing expenses	(5,326)	(5,501)	3.3%
Operating costs	150,847	196,484	30.3%
Finance cost	(11,487)	(2,075)	(81.9%)
Share of results of an Associate	6,968	3,627	(47.9%)
Profit from the sale of shares of an Associate	-	12,299	N/A
Other income	6,251	15,040	140.6%
Profit of the period before Zakat	152,580	225,376	47.7%
Zakat	(22,150)	(2,091)	(90.6%)
Profit of the period	130,430	223,285	71.2%
Other comprehensive income			
Other comprehensive income which will not be reclassified as profit or loss in subsequent periods			
Share of other comprehensive income of an Associate	1,643	6,704	308.0%
Other comprehensive income for the period	132,073	229,989	74.1%
Key performance indicators			
As a percentage of revenue			Percentage point
Gross profit	29.3%	25.2%	(4.1)
Operating profit	21.8%	19.5%	(2.3)
Net annual profit	18.9%	22.2%	3.3

Source: The Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G and Management information.

Operating income

Revenue increased by 45.6%, from SAR 691.1 million for the Nine-Month Period Ended 30 September 2023G to SAR 1,006.5 million for the Nine-Month Period Ended 30 September 2024G, driven by an increase in revenue from the sale of Completed Inventory Properties, amounting to SAR 188.9 million, due to a rise in the number of units sold from 555 to 744 units. Additionally, the reversal of previous adjustments by the Group had a positive impact of SAR 24.6 million on the revenue from the sale of Completed Inventory Properties. Furthermore, revenue from the sale of land increased by SAR 120.9 million as a result of the sale of two land plots, i.e. AlNarjis plot (AlMajdiah 151) and Al-Aridh plot (AlMajdiah 177) for SAR 129.1 million. The Group made the decision to sell these two land plots after receiving received attractive offers.

Operating Costs

Operating costs increased by 54.1%, from SAR 488.8 million for the Nine-Month Period Ended 30 September 2023G to SAR 753.4 million for the Nine-Month Period Ended 30 September 2024G, primarily due to the rise in the cost of sale of Completed Inventory Properties, amounting to SAR 159.1 million, in line with the increase in the number of units sold during the period, from 555 to 744 units, while the cost per square meter remained stable during the period. It is worth noting that the company's management reversed previous adjustments by the Group, which had a negative impact of SAR 18.9 million on the cost of sale of Completed Inventory Properties.

Gross Profit

Gross profit increased by 25.1%, from SAR 2024 million for the Nine-Month Period Ended 30 September 2023G to SAR 253.2 million for the Nine-Month Period Ended 30 September 2024G, in line with the Group's overall growth, with all revenue recording a remarkable growth during this period.

The gross profit margin decreased during this period, recording 29.3% for the Nine-Month Period Ended 30 September 2023G and 25.2% for the Nine-Month Period Ended 30 September 2024G, due to (i) the decrease of prices of sold units, especially that the revenue from the sale of these units represented 86.9% of the total revenue in the Nine-Month Period Ended 30 September 2023G and 78.5% in the Nine-Month Period Ended 30 September 2024G; and (ii) the decrease of the profit of valuation of investment properties from SAR 21.4 million to a loss amounting to SAR 0.7 million during the same period. This was offset by the reversal of previous adjustments recorded in past years, which had a SAR 43.5 million positive impact on gross profit. Notably, had these previous adjustments not been reversed, the Group would have recorded a decrease in the gross profit margin to 21.4%.

General and Administrative Expenses

General and administrative expenses increased by 10.8%, from SAR 46.2 million in the Nine-Month Period Ended 30 September 2023G to SAR 51.2 million in the Nine-Month Period Ended 30 September 2024G. This increase was primarily due to (i) the one-time fees paid by AlDar Investment Fund to the Fund Manager, Jadwa Investment Company, and representing 15% of any profits exceeding the Fund's fixed return rate. These fees amounted to SAR 10.2 million in the Nine-Month Period Ended 30 September 2024G (zero in the Nine-Month Period Ended 30 September 2023G); (ii) increase of salaries and other benefits by SAR 8.9 million during the period, due to the increase of bonuses from SAR 2.8 million in the Nine-Month Period Ended 30 September 2023G to SAR 11.8 million in the Nine-Month Period Ended 30 September 2024G, as a result of the new bonus policy adopted by the Group.

This was offset by a decrease in management fees from SAR 6.9 million in the Nine-Month Period Ended 30 September 2023G to SAR 4.2 million in the Nine-Month Period Ended 30 September 2024G, as AlDar Fund projects near completion, with management fees directly linked to the value of the assets under management, in addition to a decline in donations and gifts from SAR 2.3 million to SAR 159.0 thousand. General and administrative expenses decreased from 6.7% to 5.1% during the period.

Selling and Marketing Expenses

Selling and marketing expenses remained stable at SAR 5.3 million in the Nine-Month Period Ended 30 September 2023G and SAR 5.5 million in the Nine-Month Period Ended 30 September 2024G, mainly due to the reclassification of part of the salaries and other benefits, which were recorded under general and administrative expenses during the Nine-Month Period Ended 30 September 2023G, which was offset by a decrease of other sale and marketing expenses by SAR 1.8 million during the period.

Financing cost

Financing cost decreased by 81.9%, from SAR 11.5 million in the Nine-Month Period Ended 30 September 2023G to SAR 2.1 million in the Nine-Month Period Ended 30 September 2024G, primarily due to the capitalization of a portion of these costs as projects were completed. This was offset by the increase of finance cost on bank loans, related to the newly obtained bank loans.

Share in the Results of an Associate Company

The Group's share in the results of the associate company decreased by 47.9% from SAR 7.0 million in the Nine-Month Period Ended 30 September 2023G to SAR 3.6 million in the Nine-Month Period Ended 30 September 2024G, due to the Group's sale of 5% of the shares of First Avenue Real Estate Company previously owned by the Company in favor of Makkah Construction and Development Company.

Profit from the Sale of Shares in an Associate Company

A SAR 12.3 million profit was registered as a result of the sale of shares of an Associate company as at 30 September 2024G. The Group sold a part of its shares in First Avenue Company to Makkah Construction and Development Company. Consequently, the Group's ownership shares decreased from 15.79% to 10%.

Other Income

Other income increased by 140.6%, from SAR 6.3 million in the Nine -Month Period Ended 30 September 2023G to SAR 15.0 million in the Nine-Month Period Ended 30 September 2024G, due to the gains from the revaluation of financial assets at fair value through profit or loss, amounting to SAR 7.0 million in the Nine-Month Period Ended 30 September 2024G (zero in the Nine-Month Period Ended 30 September 2023G).

Zakat

Zakat cost decreased by 90.6% from SAR 22.2 million in the Nine-Month Period Ended 30 September 2023G to SAR 2.1 million in the Nine-Month Period Ended 30 September 2024G, in line with a reduction in the Zakat base. The Group had previously submitted the Zakat declaration based on the separate financial statements of the Group during the Nine-Month Period Ended 30 September 2023G. However, the Zakat declaration is now submitted on a consolidated basis for the Group.

Profit for the Period

Profit for the period increased by 71.2%, from SAR 130.4 million in the Nine-Month Period Ended 30 September 2023G to SAR 223.3 million in the Nine-Month Period Ended 30 September 2024G. This increase aligns with the rise in gross profit as well as the reduction in finance cost and Zakat expenses during the period, in addition to the profit from the sale of shares of First Avenue Company.

Other Comprehensive Income

Other comprehensive income increased by 74.1%, from SAR 132.1 million in the Nine-Month Period Ended 30 September 2023G to SAR230.0 million in the Nine-Month Period Ended 30 September 2024G. This growth corresponds with the increase in profit for the period, from SAR 130.4 million to SAR 223.3 million, as well as an increase in the share of other comprehensive income from an associate company amounting to SAR 5.1 million, driven by the growth in the operations of First Avenue Company.

6.10.2.1 Operating income

6.10.2.1.1 Operating income by Type

The table below summarizes the revenue by type for the Nine-Month Periods Ended 30 September 2023G and 2024G.

Table 6.19: Revenue by Type

SAR 000s	Nine-Month Period Ended 30 September 2023G (Unaudited)	Nine-Month Period Ended 30 September 2024G (Unaudited)	Variance 2023G-2024G
Revenue from sale of completed inventory properties	600,856	789,758	31.4%
Revenue from the sale of lands	8,141	129,086	1,485.7%
Real estate commissions Income	25,082	46,017	83.5%
Real estate development income	22,748	22,147	(2.6%)
Maintenance income	10,488	12,411	18.3%
Rental income	2,407	7,874	227.2%
Revaluation Loss/Profit from Investment Properties	21,401	(746)	N/A
Total revenue	691,123	1,006,548	45.6%
As a percentage of total			
Revenue from sale of completed inventory properties	86.9%	78.5%	(8.5)
Revenue from the sale of lands	1.2%	12.8%	11.6
Revenue from real estate commissions	3.6%	4.6%	0.9
Real estate development income	3.3%	2.2%	(1.1)
Maintenance income	1.5%	1.2%	(0.3)
Lease income	0.3%	0.8%	0.4
Revaluation Loss/Profit from Investment Properties	3.1%	(0.1%)	(3.2)

Source: The Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G and Management information.

6.10.2.1.1 Revenue from sale of completed inventory properties

Revenue from the sale of Completed Inventory Properties represented 86.9% and 78.5% of total operating income for the Nine-Month Periods Ended 30 September 2023G and 2024G, respectively. Revenue from the sale of Completed Inventory Properties increased by 31.4%, from SAR 600.9 million in the Nine-Month Periods Ended 30 September 2023G to SAR 789.8 million in the Nine-Month Periods Ended 30 September 2024G. This growth was driven by an increase in the number of residential units sold, rising from 555 units (85,635 square meters) across ten projects, most notably AlMajdiah 125 (248 residential units), AlMajdiah 117 (98 residential units), AlMajdiah 124 (77 residential units), AlMajdiah 130 (62 units), and AlMajdiah 136 (31 units), among other projects to 744 residential units (114,540 square meters) primarily attributed to 15 projects, with the most significant being AlMajdiah 129 (180 units), AlMajdiah 142 (92 units), and AlMajdiah 143 (80 units), among others. Additionally, the Group reversed previous adjustments, which contributed to a SAR 24.6 million increase in revenue from the sale of Completed Inventory Properties. This was partially offset by a decrease in the average price per square meter during the period, from SAR 7.0 thousand per square meter to SAR 6.9 thousand per square meter, as most of the units sold in the Nine-Month Periods Ended 30 September 2023G were located in high-priced areas.

Table 6.20: Revenue from Sale of Completed Inventory Properties by Project for the Nine-Month Period Ended 30 September 2023G

SAR 000s	Revenue	No. of sold units	Area of sold units (SQM)	Average Price/SQM (SAR)
AlMajdiah 125	286,069	248	40,465	7,070
AlMajdiah 117	110,942	98	16,776	6,613
AlMajdiah 124	83,806	77	11,355	7,381
AlMajdiah 130	55,538	62	7,384	7,522
AlMajdiah 136	27,222	31	4,333	6,282
AlMajdiah 152	21,410	24	3,440	6,225
AlMajdiah 138	9,393	10	1,200	7,828
AlMajdiah 112	2,899	2	340	8,526
AlMajdiah Village	2,577	2	343	7,512
Sakan 4	1,000	1	N/A	N/A
Total	600,856	555	85,635	7,016

Source: Management information.

Revenue from the sale of Completed Inventory Properties amounted to SAR 600.9 million for the Nine-Month Period Ended 30 September 2023G, related to the sale of 555 residential units at an average price of SAR 7.0 thousand per square meter. The sales were primarily driven by ten projects, most notably AlMajdiah 125 (248 residential units), AlMajdiah 117 (98 residential units), AlMajdiah 124 (77 residential units), AlMajdiah 130 (62 residential units), AlMajdiah 136 (31 residential units), AlMajdiah 152 (24 residential units), AlMajdiah 138 (10 residential units), AlMajdiah 112 (2 residential units), AlMajdiah Village (2 residential units) and Sakan 4 (one residential unit).

AlMajdiah 125

Located in King Salman District, Riyadh, AlMajdiah 125 generated SAR 286.1 million in revenue in the Nine-Month Period Ended 30 September 2023G from the sale of 248 residential units (40.5 thousand sqm at SAR 7.1 per sqm). As at 30 September 2023G, the project was not completely sold and two residential units remain available for sale.

AlMajdiah 117

Located in Malqa District, Riyadh, AlMajdiah 117 generated SAR 110.9 million in revenue in the Nine-Month Period Ended 30 September 2023G from the sale of 98 residential units (16.8 thousand sqm at SAR 6.6 per sqm). As at 30 September 2023G, the AlMajdiah 125 was not completely sold and 11 residential units remain available for sale.

AlMajdiah 124

Located in Al Yasmeen District, Riyadh, AlMajdiah 124 recorded SAR 83.8 million in revenue during the Nine-Month Period Ended 30 September 2023G from the sale of 77 residential units (11.4 thousand sqm at SAR 7.4 thousand per sqm). As at 30 September 2023G, AlMajdiah 124 was not completely sold and 68 residential units remain available for sale.

AlMajdiah 130

Located in Narjis District, Riyadh, AlMajdiah 130 recorded SAR 55.5 million in revenue during the Nine-Month Period Ended 30 September 2023G from the sale of 62 residential units (7.4 thousand sqm at SAR 7.5 thousand per sqm). As at 30 September 2023G, AlMajdiah 130 was not completely sold and 130 residential units remain available for sale.

AlMajdiah 136

Located in Qurtubah District, Riyadh, AlMajdiah 136 recorded SAR 27.2 million in revenue during the Nine-Month Period Ended 30 September 2023G from the sale of 31 residential units (4.3 thousand sqm at SAR 6.2 thousand per sqm). As at 30 September 2023G, AlMajdiah 136 was not completely sold and one residential unit remains available for sale.

AlMajdiah 152

Located in Al Wadi District, Riyadh, AlMajdiah 152 recorded SAR 21.4 million in revenue during the Nine-Month Period Ended 30 September 2023G from the sale of 24 residential units (3.4 thousand sqm at SAR 6.2 thousand per sqm). As at 30 September 2023G, AlMajdiah 152 was not completely sold and 18 residential units remain available for sale.

AlMajdiah 138

Located in Al Nozha District, Riyadh, AlMajdiah 138 recorded SAR 9.4 million in revenue during the Nine-Month Period Ended 30 September 2023G from the sale of 10 residential units (1.2 thousand sqm at SAR 7.8 thousand per sqm). As at 30 September 2023G, AlMajdiah 138 was not completely sold and 18 residential units remain available for sale.

AlMajdiah 112

Located in Hittin District, Riyadh, AlMajdiah 112 generated SAR 2.9 million in revenue during the Nine-Month Period Ended 30 September 2023G from the sale of 2 residential units (340 thousand sqm at SAR 8.5 thousand per sqm). As at 30 September 2023G, AlMajdiah 112 was completely sold out.

AlMajdiah Village

Located in Hittin District, Riyadh, AlMajdiah Village recorded SAR 2.6 million in revenue during the Nine-Month Period Ended 30 September 2023G from the sale of 2 residential units (343 thousand sqm at SAR 7.5 thousand per sqm). As at 30 September 2023G, all residential units were sold out.

Sakan 4

Located in Arqa District, Riyadh, Sakan 4 reported SAR 1.0 million in revenue during the Nine-Month Period Ended 30 September 2023G from the sale of one residential unit. As at 30 September 2023G, Sakan 4 was completely sold out.

Table 6.21: Revenue from Sale of Completed Inventory Properties by Project for the Nine-Month Period Ended 30 September 2024G

SAR 000s	Revenue	No. of sold units	Area of sold units (SQM)	Average Price/SQM (SAR)
AlMajdiah 129	150,425	180	21,212	7,092
AlMajdiah 142	86,771	92	12,807	6,775
AlMajdiah 143	83,188	80	13,706	6,070
AlMajdiah 135	71,268	48	9,765	7,298
AlMajdiah 139B	64,272	54	9,524	6,749
AlMajdiah 156	57,375	54	8,913	6,437
AlMajdiah 140	51,896	49	8,662	5,991
AlMajdiah 146	50,163	48	8,749	5,734
AlMajdiah 144	43,921	44	7,048	6,232
AlMajdiah 130	39,557	38	5,100	7,756
AlMajdiah 128	31,649	24	4,064	7,788
AlMajdiah 124	13,581	14	2,053	6,615
AlMajdiah 152	11,753	11	1,850	6,352
AlMajdiah 138	7,945	7	868	9,153
AlMajdiah 117	1,422	1	219	6,492
Reversal of previous adjustments	24,571	N/A	N/A	N/A
Total	789,758	744	114,540	6,895

Source: Management information.

Revenue from the sale of Completed Inventory Properties amounted to SAR 789.8 million for the Nine-Month Period Ended 30 September 2024G, related to the sale of 744 residential units at an average price of SAR 6.9 thousand per square meter. The sales were primarily driven by fifteen projects, most notably AlMajdiah 129 (180 residential units), AlMajdiah 142 (92 residential units), and AlMajdiah 143 (80 residential units) among other projects.

AlMajdiah 129

Located in Al Qamra District, Riyadh, AlMajdiah 129 generated SAR 150.4 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 180 residential units (21.2 thousand sqm at SAR 7.1 thousand per sqm). As at 30 June 2024G, 16 residential units remain available for sale.

AlMajdiah 142

Located in Narjis District, Riyadh, AlMajdiah 142 recorded SAR 86.8 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 92 residential units (12.8 thousand sqm at SAR 6.8 thousand per sqm). As at 30 June 2024G, AlMajdiah 142 was not completely sold and 4 residential units remain available for sale.

AlMajdiah 143

Located in Al Hamra District, Riyadh, AlMajdiah 143 reported SAR 83.2 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 80 residential units (13.7 thousand sqm at SAR 6.1 thousand per sqm). As at 30 September 2024G, 25 residential units remain available for sale.

AlMajdiah 135

Located in Al Ghadir District, Riyadh, AlMajdiah 135 generated SAR 71.3 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 48 residential units (9.8 thousand sqm at SAR 7.3 thousand per sqm). As at 30 September 2024G, AlMajdiah 135 has been sold out.

AlMajdiah 139B

Located in Riyadh Hills District, Riyadh, AlMajdiah 139B generated SAR 64.3 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 54 residential units (9.5 thousand sqm at SAR 6.7 thousand per sqm). As at 30 September 2024G, AlMajdiah 139B has been completely sold out.

AlMajdiah 156

Located in Al Nada District, Riyadh, AlMajdiah 156 generated SAR 57.4 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 54 residential units (8.9 thousand sqm at SAR 6.4 thousand per sqm). As at 30 September 2024G, 71 residential units remain available for sale.

AlMajdiah 140

Located in Narjis District, Riyadh, AlMajdiah 140 recorded SAR 51.9 million in revenue during the same period from the sale of 49 residential units (8.7 thousand sqm at SAR 6.0 thousand per sqm). As at 30 June 2024G, 1 residential unit remain available for sale.

AlMajdiah 146

Located in Narjis District, Riyadh, AlMajdiah 146 generated SAR 50.2 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 48 residential units (8.7 thousand sqm at SAR 5.7 thousand per sqm). As at 30 September 2024G, 2 residential units remain available for sale.

AlMajdiah 144

Located in Narjis District, Riyadh, AlMajdiah 144 generated SAR 43.9 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 44 residential units (7.0 thousand sqm at SAR 6.2 thousand per sqm). As at 30 September 2024G, 6 residential units remain available for sale.

AlMajdiah 130

Located in Narjis District, Riyadh, AlMajdiah 130 recorded SAR 39.6 million in revenue during the same period from the sale of 38 residential units (5.1 thousand sqm at SAR 7.7 thousand per sqm). As at 30 September 2024G, 1 residential unit remains available for sale.

AlMajdiah 128

Located in Al Muhammadiyah District, Riyadh, AlMajdiah 128 generated SAR 31.6 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 24 residential units (4.1 thousand sqm at SAR 7.8 thousand per sqm). As at 30 September 2024G, AlMajdiah 128 has been completely sold out.

AlMajdiah 124

Located in Al Yasmeen District, Riyadh, AlMajdiah 124 recorded SAR 13.6 million in revenue during the same period from the sale of 14 residential units (2.1 thousand sqm at SAR 6.6 thousand per sqm). As at 30 September 2024G, AlMajdiah 124 has been completely sold out.

AlMajdiah 152

Located in Al Wadi District, Riyadh, AlMajdiah 152 generated SAR 11.8 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 11 residential units (1.9 thousand sqm at SAR 6.4 thousand per sqm). As at 30 September 2024G, AlMajdiah 152 has been completely sold out.

AlMajdiah 138

Located in Al Wadi District, Riyadh, AlMajdiah 138 recorded SAR 7.9 million in revenue during the same period from the sale of 7 residential units (868 sqm at SAR 9.2 thousand per sqm). As at 30 September 2024G, AlMajdiah 138 has been completely sold out.

AlMajdiah 117

Located in Al Malqa District, Riyadh, AlMajdiah 117 generated SAR 1.4 million in revenue during the Nine-Month Period Ended 30 September 2024G from the sale of 1 residential unit (219 sqm at SAR 6.5 thousand per sqm). As at 30 September 2024G, AlMajdiah 117 has been completely sold out.

6.10.2.1.2 Revenue from Land Sales

Revenue from land sales represented 1.2% of total revenue for the Nine-Month Period Ended 30 September 2023G and 12.8% in the Nine-Month Period Ended 30 September 2024G. Revenue from land sales increased from SAR 8.1 million in the Nine-Month Period Ended 30 September 2023G to SAR 129.1 million in the Nine-Month Period Ended 30 September 2024G, as a result of the sale of a plot of land, in Al-Aridh District (AlMajdiah 177) for SAR 45.5 million and another plot in AlMajdiah 151 in Narjis District for SAR 83.6 million. The sqm price amounted to SAR 4.7 thousand. It is worth noting that the Group decided to sell these lands after receiving attractive offers.

6.10.2.1.3 Real Estate Commission Income

Real estate commission income represented 3.6% and 4.6% of total revenue for the Nine-Month Periods Ended 30 September 2023G and 2024G, respectively. Real estate commission income increased by 83.5%, from SAR 25.1 million in the Nine-Month Period Ended 30 September 2023G to SAR 46.0 million in the Nine-Month Period Ended 30 September 2024G. This increase was in line with the rise in the number of projects sold due to the completion of development projects. Commission income during the Nine-Month Period Ended 30 September 2024G was related to 24 properties, compared to 11 properties during the same period in 2023G. It is worth noting that the growth in real estate commission income was aligned with the growth in real estate development income, as the Group often participates in selling properties it develops.

6.10.2.1.4 Real Estate Development Revenue

Table 6.22: Real Estate Development Revenue by Project.

SAR 000s	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G	Variance 2023G-2024G
AlMajdiah 122	1,358	-	(100.0%)
AlMajdiah 127	2,057	-	(100.0%)
AlMajdiah 132	1,226	-	(100.0%)
AlMajdiah 133	1,800	1,400	(22.2%)
AlMajdiah 139A	1,920	-	(100.0%)
AlMajdiah 139C	3,000	-	(100.0%)
AlMajdiah 145	1,495	-	(100.0%)
AlMajdiah 147	8,250	-	(100.0%)
AlMajdiah 150	-	3,810	N/A
AlMajdiah 151	1,500	-	(100.0%)
AlMajdiah 158	-	5,947	N/A
AlMajdiah 160	-	5,598	N/A
AlMajdiah 164	143	-	(100.0%)

SAR 000s	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G	Variance 2023G-2024G
Meshraf AlMajdiah	-	2,623	N/A
Hussam and Majed 155	-	2,769	N/A
Total	22,748	22,147	(2.6%)

Source: Management information.

Real estate development income represented 3.3% and 2.2% of total operating income for the Nine-Month Periods Ended 30 September 2023G and 2024G, respectively. Real estate development income remained relatively stable during the period at SAR 22.7 million in the Nine-Month Period Ended 30 September 2023G and SAR 22.1 million in the Nine-Month Period Ended 30 September 2024G, as a result of the completion of 9 projects that contributed SAR 20.9 million during the Nine-Month Period Ended 30 September 2023G. This was partially offset by the addition of six projects during the Nine-Month Period Ended 30 September 2024G with revenue amounting SAR 20.7 million during the same period.

6.10.2.1.1.5 Maintenance Revenue

Maintenance revenue represents the fixed installment revenue recorded for amounts received from customers (these amounts are recorded as contract liabilities until services are provided) when contracts are exchanged under conditions related to a five-year future maintenance obligation as part of the sale of Completed Inventory Properties. Maintenance income accounted for 1.5% and 1.2% of total revenue for the Nine-Month Periods Ended 30 September 2023G and 2024G, respectively. Maintenance income amounted to SAR 10.5 million in the Nine-Month Period Ended 30 September 2023G, relating to five projects: AlMajdiah Village, AlMajdiah 112, AlMajdiah 124, AlMajdiah 125, and AlMajdiah 130. Maintenance revenue increased by 18.3% to SAR 12.4 million in the Nine-Month Period Ended 30 September 2024G, due to the rise in maintenance revenue from AlMajdiah 125 by SAR 1.5 million, AlMajdiah 124 by SAR 0.2 million, and AlMajdiah 130 by SAR 0.2 million, as these projects were fully sold by 30 September 2024G, unlike 30 September 2023G.

6.10.2.1.1.6 Rental Revenue

Rental revenue accounted for 0.3% and 0.8% of total revenue for the Nine-Month Periods Ended 30 September 2023G and 2024G, respectively. Rental income increased by 227.2%, from SAR 2.4 million in the Nine-Month Period Ended 30 September 2023G to SAR 7.9 million in the Nine-Month Period Ended 30 September 2024G. This rise was mainly due to the increase in rental income from AlMajdiah 131, which grew from SAR 0.3 million to SAR 6.2 million, and the leasing of some of the Group's headquarters offices to other companies.

6.10.2.1.1.7 Revaluation Loss from Investment Properties

The revaluation loss from investment properties amounted to SAR 746 thousand in the Nine-Month Period Ended 30 September 2024G, primarily due to a SAR 1.0 million loss on investment land, partially offset by a revaluation gain of SAR 0.3 million on AlMajdiah 131.

6.10.2.2 Operating Costs

The table below summarizes the cost of operations for the Nine-Month Periods Ended 30 September 2023G and 2024G.

Table 6.23: Cost of Operations for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Unaudited)	Nine-Month Period Ended 30 September 2024G (Unaudited)	Variance 2023G-2024G
Cost of land for Completed Properties in inventory	194,810	294,580	51.2%
Cost of sales of Completed Inventory Properties	269,192	328,483	22.0%
Cost of sales – Completed Inventory Properties	464,001	623,064	34.3%
Cost of land sales	7,177	102,214	1,324.2%
Other operational costs – development and commission	8,993	17,049	89.6%
Maintenance costs	8,255	9,799	18.7%
Rental costs	-	798	N/A
Right-of-use assets depreciation	340	459	34.8%
Total operating costs	488,767	753,381	54.1%

SAR 000s	Nine-Month Period Ended 30 September 2023G (Unaudited)	Nine-Month Period Ended 30 September 2024G (Unaudited)	Variance 2023G-2024G
As a percentage of revenue			Percentage points
Cost of sales - Completed Inventory Properties	67.1%	61.9%	(5.2)
Cost of land sales	1.0%	10.2%	9.1
Other operational costs – development and commission	13%	1.7%	0.4
Maintenance costs	1.2%	1.0%	(0.2)
Rental costs	0.0%	0.1%	0.1
Right-of-use assets Depreciation	0.0%	0.0%	(0.0)
Total	70.7%	74.8%	4.1

Source: The Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G and Management information.

Cost of Sale for Completed Inventory Properties

The cost of sale of Completed Inventory Properties increased by 34.3%, from SAR 464.0 million in the Nine-Month Period Ended 30 September 2023G to SAR 623.1 million in the Nine-Month Period Ended 30 September 2024G, in line with the Company's operations, as the number of units sold rose from 555 to 744 residential units. Additionally, the cost of land per square meter increased from SAR 2.3 thousand to SAR 2.6 thousand during the same period, partially offset by the reversal of previous adjustments related to construction costs for AIDar Investment Fund projects, which the Company had recorded during the sale of projects but should have been eliminated. These costs were reversed in the Nine-Month Period Ended 30 September 2024G, resulting in a SAR 18.9 million reduction in the cost of sale of Completed Inventory Properties. In addition, the average cost of construction per square meter decreased from SAR 3.1 thousand to SAR 2.9 thousand during the period.

Cost of Land Sales

The cost of land sales in the Nine-Month Period Ended 30 September 2023G was related to the sale of a single plot, Qasr Hittin-5, with an area of 768 square meters, as well as two plots during the Nine-Month Period Ended 30 September 2024G: Al-Aridh Land (8.2 thousand square meters) and Al-Narjis Land (83.6 thousand square meters). Cost of land sales increased by 1,324.2% from SAR 7.2 million in the Nine-Month Period Ended 30 September 2023G to SAR 102.2 million in the Nine-Month Period Ended 30 September 2024G.

Operational Costs – Development and Commission

Operational costs related to development and commission increased by 89.6%, from SAR 9.0 million in the Nine-Month Period Ended 30 September 2023G to SAR 17.0 million in the Nine-Month Period Ended 30 September 2024G, due to a SAR 5.9 million rise in labor costs, as well as SAR 2.3 million costs related to Hittin Land during the period.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets increased by 34.8%, from SAR 340 thousand in the Nine-Month Period Ended 30 September 2023G to SAR 459 thousand in the Nine-Month Period Ended 30 September 2024G.

Rental Costs

Rental costs amounted to SAR 798 thousand in the Nine-Month Period Ended 30 September 2024G, related to the operating cost of AIMajdiah 131, which is leased. Rental costs amounted to zero in the Nine-Month Period Ended 30 September 2023G.

Maintenance Costs

Maintenance costs increased by 18.7%, from SAR 8.3 million in the Nine-Month Period Ended 30 September 2023G to SAR 9.8 million in the Nine-Month Period Ended 30 September 2024G, in line with the aging of projects covered under maintenance services.

6.10.2.3 General and Administrative Expenses

The table below summarizes the general and administrative costs for the Nine-Month Periods Ended 30 September 2023G and 2024G.

Table 6.24: General and Administrative Expenses for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Unaudited)	Nine-Month Period Ended 30 September 2024G (Unaudited)	CAGR 2023G-2024G
Salaries and Other Benefits	14,056	22,990	63.6%
Performance Fees	-	10,155	N/A
Professional Fees	4,331	5,417	25.1%
Administrative Fees	6,916	4,193	(39.4%)
Depreciation	902	773	(14.3%)
Government Fees	491	365	(25.6%)
Utilities	350	325	(7.3%)
Hospitality	256	215	(16.2%)
Donations and Gifts	2,368	159	(93.3%)
Maintenance and Repairs	92	103	11.8%
Office Improvements	22	16	(27.7%)
Other	16,398	6,469	(60.5%)
Total	46,183	51,180	10.8%
As a percentage of operating income			Percentage points
Salaries and Other Benefits	2.0%	2.3%	0.3
Performance Fees	0.0%	1.0%	1.0
Professional Fees	0.6%	0.5%	(0.1)
Administrative Fees	1.0%	0.4%	(0.6)
Depreciation	0.1%	0.1%	(0.1)
Government Fees	0.1%	0.0%	(0.0)
Utilities	0.1%	0.0%	(0.1)
Hospitality	0.0%	0.0%	(0.0)
Donations and Gifts	0.3%	0.0%	(0.3)
Maintenance and Repairs	0.0%	0.0%	(0.0)
Office Improvements	0.0%	0.0%	(0.0)
Other	2.4%	0.6%	(1.7)
Total	6.7%	5.1%	(1.6)
Key Performance Indicators			
Average Number of Employees	124	114	(8.1%)
Average Monthly Employee Expense (Saudi Riyals)	12,595	22,408	77.9%

Source: Management information

Salaries and Other Benefits

Salaries and other benefits increased by 63.6%, from SAR 14.1 million in the Nine-Month Period Ended 30 September 2023G to SAR 23.0 million in the Nine-Month Period Ended 30 September 2024G, in line with the rise in bonuses, which increased from SAR 2.8 million to SAR 11.8 million during the same periods, due to a new bonus system adopted by the Group.

Performance Fees

Performance fees represent the fees paid by AlNarjis Fund to the fund manager, Jadwa Investment Company. Performance fees amounted to SAR 10.2 million in the Nine-Month Period Ended 30 September 2024G, in connection with the sale of Al-Aziziyah Land (AlMajdiah 151).

Professional Fees

Professional fees increased by 25.1%, from SAR 4.3 million in the Nine-Month Period Ended 30 September 2023G to SAR 5.4 million in the Nine-Month Period Ended 30 September 2024G. This increase was due to fees paid to consultants for an internal project (SAR 0.5 million increase), as well as fees paid to auditors for auditing the financial statements of the consolidated funds.

Administrative Fees

Administrative fees decreased by 39.4%, from SAR 6.9 million in the Nine-Month Period Ended 30 September 2023G to SAR 4.2 million in the Nine-Month Period Ended 30 September 2024G, in line with the decline in the value of managed projects, most of which had been sold by 30 September 2024G.

Government Fees

Government fees decreased by 25.6%, from SAR 491 thousand in the Nine-Month Period Ended 30 September 2023G to SAR 365 thousand in the Nine-Month Period Ended 30 September 2024G, in line with the Group's operations.

Donations and Gifts

Donations and gifts decreased by 93.3%, from SAR 2.4 million in the Nine-Month Period Ended 30 September 2023G to SAR 159 thousand in the Nine-Month Period Ended 30 September 2024G. According to management, these donations and gifts are distributed based on its directives.

Maintenance and Repairs

Maintenance and repair expenses decreased by 11.8%, from SAR 92 thousand in the Nine-Month Period Ended 30 September 2023G to SAR 103 thousand in the Nine-Month Period Ended 30 September 2024G, due to additional maintenance work related to the Group's head office and branches.

Depreciation

Depreciation expenses decreased by 14.3%, from SAR 902 thousand in the Nine-Month Period Ended 30 September 2023G to SAR 773 thousand in the Nine-Month Period Ended 30 September 2024G, due to the disposal of some property and equipment during the period.

Utilities

Utility costs remained stable at SAR 350 thousand in the Nine-Month Period Ended 30 September 2023G and SAR 325 thousand in the Nine-Month Period Ended 30 September 2024G.

Hospitality

Hospitality expenses remained stable, amounting to SAR 256 thousand in the Nine-Month Period Ended 30 September 2023G and SAR 215 thousand in the Nine-Month Period Ended 30 September 2024G.

Office Improvements

Office improvement expenses decreased by 27.7% from SAR 22 thousand in the Nine-Month Period Ended 30 September 2023G to SAR 16 thousand in the Nine-Month Period Ended 30 September 2024G.

Other

Other expenses decreased by 60.5%, from SAR 16.4 million in the Nine-Month Period Ended 30 September 2023G to SAR 6.5 million in the Nine-Month Period Ended 30 September 2024G, mainly due to the reclassification of expenses from general and administrative to operating costs, and year-end adjustments in FY2023G.

6.10.2.4 Other Income

The table below summarizes other income for the Nine-Month Periods Ended 30 September 2023G and 2024G

Table 6.25: Other Income for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Unaudited)	Nine-Month Period Ended 30 September 2024G (Unaudited)	Variance 2023G-2024G
(Loss) Gain from Fair Value Revaluation of Financial Assets through Profit or Loss	-	6,965	N/A
Other	6,251	8,075	29.2%
Total	6,251	15,040	140.6%

Source: Management information

(Loss) Gain from Fair Value Revaluation of Financial Assets through Profit or Loss

Gains from the revaluation of financial assets at fair value through profit or loss increased from SAR zero in the Nine-Month Period Ended 30 September 2023G to SAR 7.0 million in the Nine-Month Period Ended 30 September 2024G, due to the increase in the value of non-consolidated funds.

Other Income

Other income increased from SAR 6.3 million in the Nine-Month Period Ended 30 September 2023G to SAR 8.1 million in the Nine-Month Period Ended 30 September 2024G, primarily driven by the increase in dividends from non-consolidated funds and income from bank deposits. This was offset by a decrease in performance fees related to AlMajdiah Projects 116 and 118, which dropped from SAR 3.0 million to zero.

6.10.2.5 EBITDA

The table below summarizes Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") for the Nine-Month Periods Ended 30 September 2023G and 2024G.

Table 6.26: EBITDA for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G	Nine-Month Period Ended 30 September 2024G	Variance 2023G-2024G
Revenue	691,123	1,006,548	45.6%
Operating Costs	(488,766)	(753,382)	54.1%
Gross Profit	202,356	253,166	25.1%
General and Administrative Expenses	(46,183)	(51,180)	10.8%
Selling and Marketing Expenses	(5,326)	(5,501)	3.3%
Share in Results of an Associate	6,968	3,627	(47.9%)
Other income	6,251	15,040	140.6%
Gain from the Sale of Shares in an Associate	-	12,299	N/A
Depreciation and Amortization	1,242	1,232	(0.8%)
EBITDA	165,309	228,683	38.3%
KPIs			
As a percentage of revenue	As a percentage of revenue in the Nine-Month Period Ended 30 September 2023G	As a percentage of revenue in the Nine-Month Period Ended 30 September 2024G	percentage points 30 September 2023G – 30 September 2024G
EBITDA	23.9%	22.7%	(1.2)

Source: Management information

EBITDA increased from SAR 165.3 million in the Nine-Month Period Ended 30 September 2023G to SAR 228.7 million in the Nine-Month Period Ended 30 September 2024G, in line with the Group's operational growth during the period and the increase in gross profit by SAR 50.8 million, in addition to an increase in other income, coupled with a SAR 12.3 million profit achieved through the sale of a share in an Associate. This was partially offset by an increase in general and administrative expenses.

The EBITDA margin remained stable at 23.9% and 22.7% during the period, mainly due to the reversal of previous period adjustments.

6.10.2.6 Financing Cost - Net

Table 6.27: Net Financing Cost for the Nine-month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Unaudited)	Nine-Month Period Ended 30 September 2024G (Unaudited)	CAGR 2023G-2024G
Financing Cost on Loans and borrowings	11,461	24,510	113.9%
Financing Income on Murabaha Deposits	-	-	N/A
Bank Fees	5	69	1,280.8%
Interest on Lease Liability	21	-	(100.0%)
Total	11,487	24,579	114.0%
Less: Capitalized Financing and Transaction Costs	-	(22,504)	N/A
Total	11,487	2,075	(81.9%)

Source: Management information

Financing cost decreased by 81.9%, from SAR 11.5 million in the Nine-Month Period Ended 30 September 2023G to SAR 2.1 million in the Nine-Month Period Ended 30 September 2024G. This reduction was primarily due to the capitalization of a portion of these costs as projects were completed. This was offset by an increase in financing cost on bank loans as a result of obtaining new bank loans.

6.10.3 Consolidated Statement of Financial Position

Table 6.28: Consolidated Statement of Financial Position for the Financial Years Ended 31 December 2021G, 2022G and 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Assets				
Non-current assets				
Property and equipment	23,954	24,390	24,791	24,188
Right-of-use assets	1,373	916	459	-
Investment properties	101,553	79,533	164,939	161,037
Inventory Properties Under Development	852,231	1,420,574	905,003	1,251,853
Investment in an Associate	69,506	113,600	120,848	80,041
Financial assets at FVTPL	61,284	34,615	74,115	92,137
Total non-current assets	1,109,903	1,673,627	1,290,155	1,609,255
Current assets				
Inventory Properties	335,249	275,788	589,583	542,759
Contracts assets	-	18,256	59,806	54,142
Trade receivables	12,384	33,465	65,245	127,235
Prepayments and other current assets	149,476	108,837	130,371	143,493
Amounts due from Related Parties	60,325	14,370	21,831	17,373
Cash and cash equivalent	290,132	237,226	168,315	270,684
Total current assets	847,565	687,942	1,035,151	1,155,687
Total assets	1,957,469	2,361,569	2,325,306	2,764,942

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Equity and liabilities				
Equity				
Share Capital	300,000	300,000	300,000	300,000
Statutory reserve	33,648	44,599	44,599	44,599
Retained earnings	63,642	171,368	321,357	465,348
Equity attributable to shareholders of the parent	397,390	515,967	665,956	809,946
Non-controlling interest	181,334	137,848	65,618	(4,686)
Total equity	578,623	653,815	731,573	805,260
Liabilities				
Non-current liabilities				
Loans and borrowings	700,331	950,580	388,925	898,957
Lease liabilities	1,551	793	-	-
Employees’ defined benefit obligations	6,463	4,245	4,985	4,590
Contract liabilities	-	26,799	50,155	37,744
Total non-current liabilities	708,346	982,416	444,065	941,292
Current liabilities				
Loans and borrowings	-	-	241,252	165,000
Lease liabilities	726	759	793	-
Trade and other payables	191,791	264,991	364,179	295,571
Contract liabilities	115,557	127,726	302,224	364,765
Amounts due to Related Parties	336,048	291,786	221,103	184,827
Zakat payable	26,378	40,076	20,118	8,228
Total current liabilities	670,500	725,337	1,149,668	1,018,390
Total liabilities	1,378,845	1,707,753	1,593,732	1,959,682
Total equity and liabilities	1,957,469	2,361,569	2,325,306	2,764,942
KPIs				
Inventory days outstanding (days) – Inventory Properties (current ⁽¹⁾)	124	147	231	249
Return on assets ⁽²⁾	15.2%	6.6%	7.1%	6.8%
Return on equity ⁽³⁾	51.4%	23.1%	24.1%	38.7%
Debt to equity ⁽³³⁾	1.2	1.5	0.9	1.3

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G, and Management information.

⁽¹⁾ Inventory days outstanding has been calculated based on the average of current inventory properties and revenues from sale of completed inventory properties (with an exception for the financial year ended 31 December 2021G where the current inventory properties as at 31 December 2021G has been used).

⁽²⁾ Return on assets and return on equity have been calculated based on the profit for the financial years ended 31 December 2021G, 2022G, and 2023G and the nine-month period ending on September 30, 2024G and the average of assets and the average of equity (with an exception for the financial year ended 31 December 2021G where assets and equity as at 31 December 2021G, have been used).

⁽³⁾ The current ratio was calculated by dividing current liabilities by current assets.

³³ Debt to equity was calculated using the value of Loans and borrowings to equity

Assets

Non-Current Assets

Non-current assets include property and equipment, right-of-use assets, investment properties, Properties Under Development, investment in an associate, and financial assets at fair value through profit or loss.

Non-current assets increased from SAR 1,109.9 million as at 31 December 2021G, to SAR 1,673.6 million as at 31 December 2022G, due to:

- a. Increase in Properties Under Development from SAR 852.2 million as at 31 December 2021G, to SAR 1,420.6 million as at 31 December 2022G, driven by the increase in the number of projects from 12 to 18. This was partially offset by the transfer of projects to Completed Inventory Properties for sale upon the completion of development work.
- b. Increase in investment in an associate from SAR 69.5 million as at 31 December 2021G, to SAR 113.6 million as at 31 December 2022G, due to the increase in the ownership stake in Jadat AlOula Real Estate Development from 15% to 17.57%, with the Group acquiring an additional 484,795 shares at SAR 65 per share for a total value of SAR 31.5 million.

This was offset by a decrease in financial assets at fair value through profit or loss from SAR 61.3 million as at 31 December 2021G, to SAR 34.6 million as at 31 December 2022G, due to disposals amounting to SAR 51.6 million in real estate funds (SAR 31.5 million) and Murabaha fund (SAR 20.1 million). Additionally, there was a decline in investment properties from SAR 101.6 million to SAR 79.5 million due to the sale of the Al-Rimal land during the period.

Non-current assets decreased from SAR 1,673.6 million as at 31 December 2022G, to SAR 1,290.2 million as at 31 December 2023G, primarily due to a reduction in Properties Under Development by SAR 515.6 million from SAR 1,420.6 million as at 31 December 2022G, to SAR 905.0 million as at 31 December 2023G, resulting from the transfer of 10 projects to sale of Completed Inventory Properties. This was partially offset by additions to Properties Under Development amounting to SAR 597.3 million during the period. There was also an increase in investment properties from SAR 79.5 million to SAR 164.9 million as at 31 December 2023G, due to the transfer of the AlMajdiah 131 project from the Inventory of Properties for rental purposes, as well as an increase in financial assets at fair value through profit or loss by SAR 39.5 million related to the Group's investment in 11,672 units of Downey Day & Co Limited, as a Murabaha investment, with a total cost of SAR 44.0 million. Additionally, there was a rise in investment in an associate by SAR 7.2 million due to shares in profits and losses and other comprehensive income amounting to SAR 6.7 million and SAR 2.3 million, respectively.

Non-current assets increased from SAR 1,290.2 million as at 31 December 2023G, to SAR 1,609.3 million as at 30 September 2024G, mainly due to the increase in Properties Under Development by SAR 346.8 million as a result of adding 9 projects to the Inventory Properties Under Development, mainly AlMajdiah 169 (Sarh), AlMajdiah 174, AlMajdiah 178, AlMajdiah 172, AlMajdiah 166, among other projects, in addition to the increase in the Financial Assets at FVTPL as a result of purchasing shares in real estate funds. This was offset by a decrease in the Investment in an Associate amounting to SAR 40.8 million as a result of the Group's sale of part of its shares in Jadat AlOula.

Current Assets

Current assets include Inventory Properties, contract assets, trade receivables, prepaid expenses and other current assets, amounts due from related parties, and cash and cash equivalents.

Current assets decreased from SAR 847.6 million as at 31 December 2021G to SAR 687.9 million as at 31 December 2022G due to:

- Decrease in Inventory of Properties from SAR 335.2 million as at 31 December 2021G to SAR 275.8 million as at 31 December 2022G, primarily due to the sale of Al-Malqa AlMousa land (SAR 81.1 million) and Al-Narjis 19 land (SAR 75.6 million).
- Decrease in cash and cash equivalents from SAR 290.1 million to SAR 237.2 million, aligned with the Group's increased investment in Properties Under Development, as well as the repayment of part of the Loans and borrowings, and a decrease in profitability during the period. Net income before Zakat dropped from SAR 317.5 million in FY2021G to SAR 161.6 million in FY2022G.
- Decrease in prepaid expenses and other current assets from SAR 149.5 million to SAR 108.8 million, primarily due to a reduction in advance payments to suppliers from SAR 49.2 million to SAR 14.3 million and a decrease in VAT receivables from SAR 95.5 million to SAR 78.8 million.

Current assets increased from SAR 687.9 million as at 31 December 2022G to SAR 1,035.2 million as at 31 December 2023G, mainly due to:

- Increase in Inventory of Properties by SAR 313.8 million, in line with the rise in the number of available units for sale from 479 to 748 during the period.
- Increase in contract assets from SAR 18.3 million to SAR 59.8 million, reflecting the growth in the real estate development sector.
- Increase in prepaid expenses and other current assets from SAR 108.8 million to SAR 130.4 million, primarily due to the rise in advance payments to suppliers from SAR 14.3 million as at 31 December 2022G to SAR 36.9 million as at 31 December 2023G, mainly due to advance payments made to contractors for development works amounting to SAR 17.3 million and an advance payment of SAR 16.7 million for the purchase of Al-Rafi'ah land.

This was partially offset by a decrease in cash and cash equivalents by SAR 68.9 million, primarily due to the repayment of SAR 1,516.5 million in Loans and borrowings during the period.

Current assets increased from SAR 1,035.2 million as at 31 December 2023G to SAR 1,155.7 million as at 30 September 2024G, mainly due to the increase in (i) Cash and Cash Equivalent by SAR 102.4 million, resulting from proceeds from loans and advances amounting to SAR 1,383.2 million during the period, in addition to proceeds from the Group's sale of part of its shares in Jadat AlOula; and (ii) Trade Receivables by SAR 62.0 million, in line with the growth in the Company's operations. This was partially offset by a decrease in the sale of Completed Inventory Properties, mainly as a result of the sale of 744 residential units during the period.

Equity

Equity increased from SAR 578.6 million as at 31 December 2021G to SAR 653.8 million as at 31 December 2022G, primarily due to the rise in retained earnings by SAR 107.7 million, from SAR 63.6 million to SAR 171.4 million, aligned with the Group's net income of SAR 142.4 million for FY2022G.

Equity further increased from SAR 653.8 million as at 31 December 2022G to SAR 731.6 million as at 31 December 2023G, mainly driven by a rise in retained earnings by SAR 150.0 million as a result of the group's accumulated profits, which amounted to SAR 167.0 million in FY2023G.

Equity increased from SAR 731.6 million as at 31 December 2023G to SAR 805.3 million as at 30 September 2024G, reflecting an increase in retained earnings in line with the Group's profit generated during the Nine-Month Period Ended 30 September 2024G. This was offset by a decrease in non-controlling interest from SAR 65.6 million to SAR (-4.7) million during the period.

Liabilities

Non-current Liabilities

Non-current liabilities increased from SAR 708.3 million as at 31 December 2021G to SAR 982.4 million as at 31 December 2022G, primarily due to an increase in loans and borrowings from SAR 700.3 million to SAR 950.6 million, which were mainly tied to the projects of AIDar Investment Fund. This growth aligned with the Group's expanding operations, as it secured new loans for investment in new projects. Additionally, contract liabilities increased by SAR 26.8 million.

Non-current liabilities decreased from SAR 982.4 million as at 31 December 2022G to SAR 444.1 million as at 31 December 2023G due to the repayment of a portion of loans and borrowings, resulting in a drop in the non-current loans and borrowings balance from SAR 950.6 million to SAR 388.9 million following the completion and sale of projects.

It should be noted that most of the loans, especially the new ones, are tied to AIDar Investment Fund for the purpose of purchasing and developing properties. While these funds are consolidated for accounting purposes, they are managed by Jadwa, and creditors do not have recourse to the group in the event of default. The benefit of using these funds is that they allow the Group to raise capital for projects, generate revenue and profit from unit sales, fees, and more, without increasing its balance sheet.

Non-current liabilities increased from SAR 444.1 million as at 31 December 2023G to SAR 941.3 million as at 30 September 2024G, primarily due to an increase in non-current loans and borrowings from SAR 388.9 million to SAR 899 million, following the Group's acquisition of additional bank loans from Banque Saudi Fransi, Arab National Bank, and Riyadh Bank; the Group also acquired a new loan from Masar for Finance in line with the increase in the inventory of real estate under development.

Current Liabilities

Current liabilities increased from SAR 670.5 million as at 31 December 2021G to SAR 725.3 million as at 31 December 2022G, primarily due to an increase in trade and other payables by SAR 73.2 million, driven by a SAR 36.2 million increase in trade payables related to the outstanding balance owed to Abdullah Al-Rajhi, a shareholder in several of the Group's projects.

Current liabilities further increased from SAR 725.3 million as at 31 December 2022G to SAR 1,149.7 million as at 31 December 2023G, mainly due to an increase in the current portion of long-term loans by SAR 241.3 million and an increase in contract liabilities by SAR 174.5 million during the period. Additionally, trade and other payables increased by SAR 99.2 million.

Current liabilities decreased from SAR 1,149.7 million as at 31 December 2023G to SAR 1,018.4 million as at 30 September 2024G, primarily due to a reduction in current loans and borrowings from SAR 241.3 million to SAR 165.0 as the Group repaid a portion of its liabilities during the period. Furthermore, trade and other payables decreased by SAR 68.6 million, driven by a decline in trade payables related to one of the project investors. The balance of trade payables to related parties also decreased by SAR 36.3 due to the Group partially paying its dues.

6.10.3.1 Non-Current Assets

Table 6.29: Non-Current Assets for the Financial Years Ended 31 December 2021G, 2022G and 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Property and equipment	23,954	24,390	24,791	24,188
Right-of-use assets	1,373	916	459	-
Investment properties	101,553	79,533	164,939	161,037
Inventory Properties Under Development	852,231	1,420,574	905,003	1,251,853
Investment in an Associate	69,506	113,600	120,848	80,041
Financial assets at FVTPL	61,284	34,615	74,115	92,137
Total	1,109,903	1,673,627	1,290,155	1,609,255

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

6.10.3.1.1 Property and Equipment

Table 6.30: Property and Equipment for the Financial Years Ended 31 December 2021G, 2022G and 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Lands	18,411	18,411	18,411	18,411
Buildings	3,496	3,316	3,137	3,002
Leasehold improvements	570	692	1,430	1,377
Motor vehicles	387	350	399	314
Office Furniture and Equipment	302	377	384	301
Computers, programs, and electronic devices	789	1,243	1,030	784
Total	23,954	24,390	24,791	24,189

Source: Audited consolidated financial statements for 31 December 2022G, 31 December 2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

The Group has contingent liabilities and commitments, including bank guarantees, financial guarantees, bid bonds, and performance bonds through local banks for its commercial activities and on behalf of some subsidiaries, limited to SAR 750 million as at 30 September 2024G. Additionally, there are future capital commitments amounting to SAR 950 million as at 30 September 2024G related to Properties Under Development. The Group does not have any material fixed assets planned to be purchased or leased as at 30 September 2024G.

Lands

The land balance is related to a plot valued at SAR 18.4 million as at 31 December 2021G, 2022G, and 2023G, and as at 30 September 2024G. The title deed for the land is registered in the name of two shareholders due to the suspension issued by the authorities on transferring property titles to new owners, related to Al Qairawan District. The shareholders confirmed that the land is registered in their names for legal purposes only and that ownership of the land belongs to the Group.

Buildings

The net book value of buildings decreased from SAR 3.5 million as at 31 December 2021G to SAR 3.3 million as at 31 December 2022G, due to annual depreciation expenses of SAR 179 thousand.

The net book value of buildings further decreased from SAR 3.3 million as at 31 December 2022G to SAR 3.1 million as at 31 December 2023G, due to annual depreciation expenses of SAR 179 thousand.

The net book value of buildings decreased from SAR 3.1 million as at 31 December 2023G to SAR 3.0 million as at 30 September 2024G, due to the annual depreciation expenses of SAR 135 thousand.

Leasehold improvements

The net book value of leasehold improvements to increased from SAR 570 thousand as at 31 December 2021G to SAR 692 thousand as at 31 December 2022G, due to additions amounting to SAR 191 thousand, offset by annual depreciation expenses of SAR 68 thousand.

The net book value of leasehold improvements to further increased from SAR 692 thousand as at 31 December 2022G to SAR 1.4 million as at 31 December 2023G, due to additions amounting to SAR 863 thousand, partially offset by annual depreciation expenses of SAR 126 thousand during the period.

The net book value of leasehold improvements to buildings remained stable at SAR 1.4 million as at 31 December 2023G and 30 September 2024G, following additions amounting to SAR 70 thousand. This was offset by depreciation expenses amounting to SAR 124 thousand during the period.

Motor Vehicles

The net book value of motor vehicles decreased from SAR 387 thousand as at 31 December 2021G to SAR 350 thousand as at 31 December 2022G, due to depreciation expenses of SAR 98 thousand and disposals amounting to SAR 50 thousand, which contributed to the decline in the net book value.

The net book value of motor vehicles increased from SAR 350 thousand as at 31 December 2022G to SAR 399 thousand as at 31 December 2023G, due to additions of SAR 185 thousand during the period, partially offset by depreciation expenses of SAR 100 thousand and disposals amounting to SAR 35 thousand, offset by additions amounting to SAR 111,000 during the period.

The net book value of motor vehicles decreased from SAR 399 thousand as at 31 December 2023G to SAR 314 thousand as at 30 September 2024G, due to depreciation expenses of SAR 86 thousand during the period.

Office Furniture and Equipment

The netbook value of furniture and office equipment increased from SAR 302 thousand as at 31 December 2021G to SAR 377 thousand as at 31 December 2022G, due to additions of SAR 159 thousand, offset by annual depreciation expenses of SAR 84 thousand.

The netbook value of furniture and office equipment increased from SAR 377 thousand as at 31 December 2022G to SAR 384 thousand as at 31 December 2023G, primarily due to additions of SAR 105 thousand, offset by annual depreciation of SAR 98 thousand.

The netbook value of furniture and office equipment decreased from SAR 384 thousand as at 31 December 2023G to SAR 301 thousand as at 30 September 2024G, due to depreciation expenses of SAR 83 thousand during the period.

Computers, Programs, and Electronic Devices

Software is classified as property and equipment since it includes ERP systems that serve the Company for multiple financial periods, extending beyond one year, necessitating capitalization and depreciation. The net book value of computer equipment, software, and electronics increased from SAR 789 thousand as at 31 December 2021G to SAR 1.2 million as at 31 December 2022G, primarily due to additions of SAR 769 thousand, offset by annual depreciation expenses of SAR 315 thousand.

The netbook value of computer equipment, software, and electronics decreased from SAR 1.2 million as at 31 December 2022G to SAR 1.0 million as at 31 December 2023G, due to annual depreciation expenses of SAR 451 thousand, partially offset by additions of SAR 238 thousand.

The netbook value of computer equipment, software, and electronics decreased from SAR 1.0 million as at 31 December 2023G to SAR 784 thousand as at 30 September 2024G, due to depreciation expenses of SAR 346 thousand during the period, partially offset by additions of SAR 100 thousand during the period.

6.10.3.1.2 Right-of-Use Assets

Table 6.31: Property and Equipment for the Financial Years Ended 31 December 2021G, 2022G and 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Cost				
As at 1 January	-	2,076	2,076	2,076
As at 31 December / 30 September	-	2,076	2,076	2,076
Accumulated amortization				
As at 1 January	1,831	703	1,160	1,618
Depreciation expense	457	457	457	459
As at 31 December / 30 September	1,373	1,160	1,618	2,076
Book value	1,373	916	459	-

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, unaudited condensed consolidated interim financial information and statements for the Nine-Month Period Ended 30 September 2024G and Management information.

Right-of-Use Assets

Right-of-use assets pertain to the lease of the AlMajdiah 69 project, which is leased to external clients. The lease term is set to expire at the end of FY2025G.

The balance of right-of-use assets gradually declined over the period, from SAR 1.4 million as at 31 December 2021G to SAR 916 thousand as at 31 December 2022G, then to SAR 459 thousand as at 31 December 2023G, and finally to zero as at 30 September 2024G, as the contract neared its end.

6.10.3.1.3 Investment Properties

Table 6.32: Investment Properties for the Financial Years Ended 31 December 2021G, 2022G and 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Land	101,553	79,533	25,030	5,935
Building	-	-	139,909	155,101
Total	101,553	79,533	164,939	161,037

Source: Audited consolidated financial statements for FY2022G, FY2023G, unaudited condensed consolidated interim financial information and statements for the Nine-Month Period Ended 30 September 2024G.

The balance of investment properties amounted to SAR 164.9 million as at 31 December 2023G. These relate to three properties held for investment and rental purposes: AlMajdiah 131 (SAR 139.9 million), land in the Al Uyaynah 141 area (SAR 18.0 million), and land in Al Qassim (SAR 7.0 million).

The balance of investment properties remained stable at SAR 164.9 million as at 31 December 2023G and SAR 161.0 million as at 30 September 2024G, following additions of SAR 14.8 million related to AlMajdiah 127, in addition to adjustments of remeasurement amounting to SAR 0.7 million during the period. This was offset by a transfer of the land in Al Uyaynah (SAR 18.0 million) to the Completed Inventory Properties.

Table 6.33: Investment Properties Movement for The Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

SAR 000s	Financial Year Ended 31 December			Nine-Month Period Ended 30 September 2024G
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Land				
As at 1 January	-	101,553	79,533	25,030
Capital expenditure for owned properties	62,757	4,032	734	-
Transfer to Related Parties	-	-	(71,221)	-
Disposals (included in the selling cost)	-	(35,243)	(11,644)	-
Remeasurement adjustment	38,796	9,190	8,165	(1,094)
Transfer from the Inventory of Properties	-	-	19,463	(18,000)
As at 31 December / 30 September	101,553	79,533	25,030	5,935
Buildings				
As at 1 January	-	-	-	139,909
Capital expenditure for owned properties	-	-	7,127	-
Transfer to Related Parties	-	-	-	-
Disposals (included in the selling cost)	-	-	-	-
Addition	-	-	-	14,843
Remeasurement adjustment	-	-	44,115	349
Transfer from the Inventory Properties	-	-	88,666	-
As at 31 December / 30 September	-	-	139,909	155,101

Source: Audited consolidated financial statements for FY2022G, FY2023G, unaudited condensed consolidated interim financial information and statements for the Nine-Month Period Ended 30 September 2024G.

The balance of investment properties decreased from SAR 101.6 million as at 31 December 2021G to SAR 79.5 million as at 31 December 2022G, due to the sale of land plots in Al-Rimal for SAR 35.2 million, partially offset by a remeasurement adjustment of SAR 9.2 million.

Investment properties increased from SAR 79.5 million as at 31 December 2022G to SAR 164.9 million as at 31 December 2023G, as the group seeks to increase rental income. This increase is attributed to the addition of: (i) AlMajdiah 131 project, valued at SAR 139.9 million, transferred from the Inventory of Properties, (ii) land in Al Uyaynah (Project 141), valued at SAR 18.0 million, and (ii) land in Al Qassim, valued at SAR 7.0 million. Additionally, there were remeasurement adjustments of SAR 52.3 million, partially offset by the transfer of land in Al-Rimal to related parties to settle the Group's dues.

The balance of investment properties remained relatively stable at SAR 164.9 million as at 31 December 2023G and SAR 161.0 million as at 30 September 2024G, following additions of SAR 14.8 million related to AlMajdiah 127, in addition to adjustments of remeasurement amounting to SAR 0.7 million during the period. This was offset by a transfer of the land in Al Uyaynah (SAR 18.0 million) to the Completed Inventory Properties.

According to a valuation report from an independent appraiser, the fair value of the lands and buildings in Al Qassim and AlYasmeen Districts in Saudi Arabia is assessed using the comparable market method and the income capitalization method.

Under the comparable market method, the fair value of the property is estimated based on comparable market data between the property being valued and similar properties in the same area that have recently been sold, with adjustments to the sale prices based on comparable factors of the properties.

As per Management's assessment, and taking into account market changes for the period ended 30 September 2024G, the fair value of investment properties as at 30 September 2024G are not significantly different from their value as at 31 December 2023G. The fair value of the lands and buildings in Al Qassim and AlYasmeen Districts in Saudi Arabia is assessed using the comparable market method and the income capitalization method.

The valuations were conducted by an independent appraiser with recognized qualifications, relevant expertise, and recent experience in the location and category of the investment property being valued. The appraiser is certified by the Saudi Authority for Accredited Valuers ("Taqeem"). The valuation methods applied are in accordance with the International Valuation Standards Committee's recommended approach, aligning with the principles in the International Financial Reporting Standards (IFRS).

Investment Properties – Land

The investment properties land portfolio includes Al-Rimal land, Al Uyaynah land (Project 141), and Al Qassim 157 land.

The balance of investment properties land decreased from SAR 101.6 million as at 31 December 2021G to SAR 79.5 million as at 31 December 2022G, primarily due to the sale of land plots in Al-Rimal for SAR 35.2 million, partially offset by a remeasurement adjustment of SAR 9.2 million.

The balance further decreased from SAR 79.5 million as at 31 December 2022G to SAR 25.0 million as at 31 December 2023G, driven by the transfer of an Al-Rimal land plot to related parties for SAR 71.2 million to settle the Group's dues, in addition to disposals amounting to SAR 11.6 million. This was partially offset by transfers from the Inventory of Properties amounting to SAR 19.5 million, related to Al Uyaynah land and Al-Qassim land during the same period.

The balance of investment properties lands decreased from SAR 25.0 million as at 31 December 2023G to SAR 5.9 million as at 30 September 2024G, as a result of the transfer of the land in Al Uyaynah (SAR 18.0 million) to the Completed Inventory Properties, in addition to adjustments of remeasurement amounting to SAR 1.1 thousand during the period.

Investment Properties – Building

The investment properties building portfolio includes AlMajdiah 131 project, which was transferred from the Inventory Properties to investment properties for leasing, in line with the Group's strategy to increase rental income.

The balance of investment properties (building) amounted to SAR 139.9 million as at 31 December 2023G, reflecting a remeasurement adjustment of SAR 44.1 million during the period.

The balance of investment properties (building) increased from SAR 139.9 million as at 31 December 2023G to SAR 155.1 million as at 30 September 2024G, due to additions totaling SAR 14.8 million related to AlMajdiah 127, for rental purposes.

6.10.3.1.4 Investment in an Associate

Table 6.34: Summary of Investment Movement in an Associate for The Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G FY2021G

SAR 000s	Financial Year Ended 31 December			The Nine-Month Period Ended 30 September 2024G
	2021G (Adjusted)	2022G (Adjusted)	2023G	
As at 1 January	-	69,506	113,600	120,848
Additions	60,750	31,512	-	-
Share of profit and loss	7,592	7,705	6,723	6,795
Share of other comprehensive income	1,164	4,877	2,310	6,704
Disposals	-	-	-	(47,931)
Losses	-	-	-	(3,168)
Dividends	-	-	(1,785)	(3,206)
As at 31 December / 30 September	69,506	113,600	120,848	80,041

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

The Group holds as of 30 September 2024G, a 10% stake (15.79% as at 31 December 2023G) in Jadat AlOula Real Estate Development Company, which engages in real estate development activities in the Kingdom of Saudi Arabia. Jadat AlOula Real Estate Development Company is a listed company and is publicly traded. The Group's share in Jadat AlOula Real Estate Development Company is accounted for using the equity method in the consolidated financial statements.

As at 1 September 2021G, the Group acquired 15% equity in Jadat AlOula Real Estate Development Company for a total consideration of SAR 60.8 million. On 22 November 2022G, the Group entered into an agreement with the investee company to purchase an additional 484,795 shares at SAR 65 per share, for a total value of SAR 31.5 million, in exchange for 2,442,578 units in Al-Shurafa Investment Fund at a unit price of SAR 12.9 per share, with a total value of SAR 31.5 million, resulting in a total Group ownership of 17.57% by the end of the year.

The total investment in the associate increased from SAR 113.6 million as at 31 December 2022G to SAR 120.8 million as at 31 December 2023G, driven by a share in profits and losses and other comprehensive income of SAR 6.7 million and SAR 2.3 million, respectively.

On 07 June 2023G, the Board of Directors of the associate approved in an extraordinary meeting the issuance of one share for every two converted shares of SAR 74,949,967 from the share premium to the capital. Of this increase, SAR 18,135,427 was granted against the employee share incentive program. Consequently, the Group's total shareholding decreased from 15.79% to 15.29% as a result of the expropriation of the shares issued to the associate's employees, resulting in a decrease in investment ownership.

On 27 August 2024G, the Group sold part of its 9.2% share in Jadat AlOula, totaling 1,091,411 shares, to Makkah Construction & Development Company. Consequently, the Group's shareholding decreased from 15.79% to 10.0% as a result of the sale of these shares. The sale of shares resulted in a gain of SAR 12.3 million.

Consequently, the total investment in an associate decreased from SAR 120.8 million as at 31 December 2023G to SAR 80.0 million as at 30 September 2024G.

6.10.3.1.5 Financial Assets at Fair Value Through Profit or Loss

Table 6.35: Financial Assets at Fair Value Through Profit or Loss for the Financial Years Ended 31 December 2021G, 2022G and 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Real estate funds	39,502	31,184	30,077	48,099
Listed equity shares	1,646	3,430	-	-
Murabaha	20,137	-	44,038	44,038
Total	61,284	34,615	74,115	92,137

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G and Management information.

Real Estate Funds

As at 31 December 2023G, the Group had investments in three real estate funds: Al Shurafa Investment Fund, Blom Investment Fund, and AlDar Investment Fund II, equal to SAR 5.96 million, SAR 3.78 million, and SAR 20.3 million, respectively (SAR 8.6 million, SAR 2.02 million, and SAR 20.56 million as at 31 December 2022G).

The balance of real estate funds decreased from SAR 39.5 million as at 31 December 2021G to SAR 31.2 million as at 31 December 2022G, due to write-offs amounting to SAR 31.5 million and unrealized losses of SAR 1.2 million, partially offset by additions of SAR 22.0 million during the period. The balance further declined to SAR 30.1 million as at 31 December 2023G due to revaluation losses of SAR 4.4 million, partially offset by additional investments in the Blom Investment Fund of SAR 3.3 million.

The balance increased to SAR 48.1 million as at 30 September 2024G following additions amounting to SAR 14.3 million, in addition to revaluation gain of SAR 3.7 million during the period.

Listed equity shares

The Group invested in four publicly traded stocks: Elm Company, Marafiq Power and Water Utility Company for Jubail and Yanbu, Arabian Internet and Communications Services Company ("Solutions by STC"), and ACWA Power.

The balance of listed equity traded shares increased from SAR 1.6 million as at 31 December 2021G to SAR 3.4 million as at 31 December 2022G due to revaluation gains of SAR 1.3 million during the period. The balance fell to zero as at 31 December 2023G and 30 September 2024G as all publicly traded shares, amounting to SAR 5.3 million, were disposed of.

It should be noted that the unrealized gains on listed equity traded shares amounted to SAR 1.3 million and SAR 1.9 million in FY2021G and FY2022G, respectively.

Murabaha

As at 31 December 2021G, the Group invested in units of Jadwa Murabaha Fund - Saudi Riyal Class A, managed by Jadwa Investment, at a cost of SAR 20.0 million. All fund units were sold for SAR 20.1 million during the year 2022G.

During FY2023G, the Group invested in 11,672 units in Dawnay Day & Co Limited as a Murabaha investment, with a cost of SAR 44.0 million. The total unrealized gain on the Murabaha investment was SAR 0.04 million during FY2023G. Murabaha assets remained stable at SAR 44.0 million as at 30 September 2024G.

6.10.3.2 Current Assets

Table 6.36: Current Assets for the Financial Years Ended 31 December 2021G, 2022G and 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Inventory Properties	335,249	275,788	589,583	542,759
Contracts assets	-	18,256	59,806	54,142
Trade receivables	12,384	33,465	65,245	127,235
Prepayments and other current assets	149,476	108,837	130,371	143,493
Amounts due from Related Parties	60,325	14,370	21,831	17,373
Cash and cash equivalent	290,132	237,226	168,315	270,684
Total	847,565	687,942	1,035,151	1,155,687

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

6.10.3.2.1 Inventory of Properties

Table 6.37: Summary of Inventory of Properties Movement for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
As at 1 January	415,266	1,187,480	1,696,362	1,494,586
Incurred development costs	1,416,322	1,222,433	577,897	984,799
Capitalized borrowing costs	11,527	43,413	19,942	22,504
Transfer to investment properties	(6,778)	-	(108,130)	18,000
Disposals (included in the selling cost)	(648,856)	(756,965)	(691,485)	(725,277)
As at 31 December / 30 September	1,187,480	1,696,362	1,494,586	1,794,612
Inventory Properties – current	335,249	275,788	589,583	542,759
Inventory Properties Under Development – non current	852,231	1,420,574	905,003	1,251,853

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, FY2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

6.10.3.2.1.1 Inventory Properties Under Development - Non-Current

The Inventory Properties Under Development increased from SAR 852.2 million as at 31 December 2021G to SAR 1,420.6 million as at 31 December 2022G, due to an increase in the number of projects from 12 to 18 projects, partially offset by the transfer of completed projects to the Completed Inventory Properties upon the completion of development works.

The Inventory Properties Under Development decreased from SAR 1,420.6 million as at 31 December 2022G to SAR 905.0 million as at 31 December 2023G, due to the transfer of 10 projects to the Completed Inventory Properties. This was partially offset by additions to the Inventory of Properties Under Development amounting to SAR 597.3 million during the period.

The Inventory Properties Under Development increased from SAR 905.0 million as at 31 December 2023G to SAR 1,251.9 million as at 30 September 2024G as a result of adding 9 projects to the Inventory of Properties Under Development, mainly AIMajdiah 169 (Sarh), AIMajdiah 174, AIMajdiah 178, AIMajdiah 172, AIMajdiah 166, along with other projects. This was partially offset by a transfer of some projects to the Completed inventory properties following their completion.

Table 6.38: Summary of Inventory Properties Under Development as at 30 September 2024G

SAR 000s	As at 30 September 2024G				
	No. of units	Land cost (SAR 000s)	Building cost (SAR 000s)	Balance (SAR 000s)	Expected completion date
AlMajdiah 151	N/A	316,010	7,206	323,216	N/A
AlMajdiah 169	14 (15,000 sqm)	143,047	18,705	161,752	June 2026G
AlMajdiah 165	146	74,667	5,519	80,186	November 2025G
AlMajdiah 172	46	68,201	2,869	71,070	October 2026G
AlMajdiah 162	140	57,777	6,298	64,075	November 2027G
AlMajdiah 163	210	47,057	15,333	62,390	January 2025G
AlMajdiah 173	70	36,455	272	36,727	November 2025G
AlMajdiah 170	34	24,874	3,058	27,932	March 2026G
AlMajdiah 166	39	44,833	4,638	49,471	April 2026G
AlMajdiah 171	46	28,885	2,402	31,287	December 2025G
AlMajdiah 174	228	150,841	5,345	156,186	July 2026G
AlMajdiah 175	140	43,625	-	43,625	September 2026G
AlMajdiah 178	158	141,423	2,227	143,650	October 2026G
AlMajdiah 180	32	-	286	286	June 2026G
Total	1,303	1,177,696	74,156	1,251,853	-

Source: Management information.

AlMajdiah 151

AlMajdiah 151 relates to AlMajdiah Investment Fund with a construction area of 250.9 thousand square meters and a sale area of 239.0 thousand square meters. It is a plot of land on which the Group has carried out development works. It is worth noting that this land was sold in the period following 30 September 2024G.

AlMajdiah 169 (Sarh)

AlMajdiah 169 (Sarh) relates to AlMajdiah Investment Fund with a construction area of 43.3 thousand square meters and a sale area of 15.0 thousand square meters and consists of offices for lease. The balance of AlMajdiah 169 (Sarh) under Inventory of Properties Under Development stood at SAR 161.8 million as at 30 September 2024G. The project plans to build 14 offices, with expected revenue of SAR 314 million.

AlMajdiah 165

AlMajdiah 165 relates to AlRaeah Real Estate Company (a subsidiary) with a construction area of 25.5 thousand square meters and a sale area of 22.0 thousand square meters, consisting of apartments. The balance of AlMajdiah 165 under Inventory of Properties Under Development stood at SAR 80.2 million as at 30 September 2024G. The project plans to build 146 units, with expected revenue of SAR 179.6 million, offset by an expected completion cost of SAR 141.0 million, with the project expected to be completed by November 2025G.

AlMajdiah 172

AlMajdiah 172 relates to AlRaeah Real Estate Company (a subsidiary), consisting of residential units. The balance of AlMajdiah 172 under Inventory of Properties Under Development stood at SAR 70.8 million as at 30 September 2024G. The project plans to build 46 units, with expected revenue of SAR 193.2 million, averaging SAR 4.2 million per unit. It is worth noting that AlMajdiah 172 has not yet obtained a construction permit.

AlMajdiah 162

AlMajdiah 162 relates to AlRaeah Real Estate Company (a subsidiary) with a construction area of 31.2 thousand square meters and a sale area of 22.2 thousand square meters, consisting of a tower project. The balance of AlMajdiah 162 under Inventory of Properties Under Development stood at SAR 64.1 million as at 30 September 2024G. The project plans to build 140 units, with expected revenue of SAR 377.8 million, offset by an expected completion cost of SAR 225.0 million, with the project expected to be completed by November 2027G.

AlMajdiah 163

AlMajdiah 163 relates to AlRaeah Real Estate Company (a subsidiary) with a construction area of 43.8 thousand square meters and a sale area of 34.8 thousand square meters, consisting of apartments. The balance of AlMajdiah 163 under Inventory of Properties Under Development stood at SAR 62.4 million as at 30 September 2024G. The project plans to build 210 units, with expected revenue of SAR 191.3 million, offset by an expected completion cost of SAR 135.6 million, with the project expected to be completed by January 2025G.

AlMajdiah 173

AlMajdiah 173 relates to AlRaeah Real Estate Company (a subsidiary) with a construction area of 12.4 thousand square meters and a sale area of 10.0 thousand square meters, consisting of residential units. The balance of AlMajdiah 173 under Inventory of Properties Under Development stood at SAR 36.7 million as at 30 September 2024G. The project plans to build 70 units, with expected revenue of SAR 87.4 million, offset by an expected completion cost of SAR 72.5 million, with the project expected to be completed by November 2025G.

AlMajdiah 170

AlMajdiah 170 relates to AlRaeah Real Estate Company (a subsidiary) with a construction area of 6.4 thousand square meters and a sale area of 4.7 thousand square meters, consisting of residential units. The balance of AlMajdiah 170 under Inventory of Properties Under Development stood at SAR 27.9 million as at 30 September 2024G. The project plans to build 34 units, with expected revenue of SAR 52.7 million, offset by an expected completion cost of SAR 46.0 million, with the project expected to be completed by March 2026G.

AlMajdiah 166

AlMajdiah 166 relates to AlRaeah a Real Estate Company (a subsidiary) with a construction area of 11.8 thousand square meters and a sale area of 11.5 thousand square meters, consisting of villas. The balance of AlMajdiah 166 under Inventory of Properties Under Development stood at SAR 49.5 million as at 30 September 2024G. The project plans to build 39 units, with expected revenue of SAR 101.4 million, offset by an expected completion cost of SAR 82.9 million, with the project expected to be completed by April 2026G.

AlMajdiah 171

AlMajdiah 171 relates to Jadat AlRabe'a Real Estate Company (a subsidiary). As at 30 September 2024G, the balance of AlMajdiah 171 was SAR 31.3 million. The project plans to build 46 units, with expected revenue of SAR 69.3 million and an estimated completion cost of SAR 53.3 million by the expected project completion date in December 2025G.

AlMajdiah 174

AlMajdiah 174 relates to AlRaeah Real Estate Company (a subsidiary). As at 30 September 2024G, the balance of AlMajdiah 174 was SAR 156.2 million. The project plans to build 228 units, with expected revenue of SAR 338.0 million and an estimated completion cost of SAR 284.5 million by the expected project completion date in July 2026G. It is noteworthy that as at 30 September 2024G, AlMajdiah 174 had not yet obtained a construction permit.

AlMajdiah 175

AlMajdiah 175 relates to Burj AlRaeah Real Estate Company (a subsidiary). As at 30 September 2024G, the balance of AlMajdiah 175 under Inventory of Properties Under Development was SAR 43.6 million. The project plans to build 140 units, with expected revenue of SAR 196.0 million and an estimated completion cost of SAR 135.2 million by the expected project completion date in September 2026G. It is noteworthy that, as at 30 September 2024G, AlMajdiah 175 had not yet obtained a construction permit.

AlMajdiah 178

AlMajdiah 178 relates to AlRaeah Real Estate Company (a subsidiary). As at 30 September 2024G, the balance of AlMajdiah 178 was SAR 143.7 million. The project plans to build 158 units, with expected revenue of SAR 271.3 million and an estimated completion cost of SAR 241.7 million by the expected project completion date in October 2026G. It is noteworthy that, as at 30 September 2024G, AlMajdiah 178 had not yet obtained a building permit.

AlMajdiah 180

AlMajdiah 180 relates to AlRaeah Real Estate Company (a subsidiary). As at 30 September 2024G, the balance of AlMajdiah 180 was SAR 286 thousand. The project plans to build 32 units, with expected revenue of SAR 112.0 million and an estimated completion cost of SAR 88.0 million by the expected project completion date in June 2026G. It is noteworthy that as at 30 September 2024G, AlMajdiah 180 had not yet obtained a construction permit.

6.10.3.2.1.2 Inventory Properties – Current

The Inventory Properties stood at SAR 589.6 million and consisted of 748 units available for sale, distributed across 14 projects as at 31 December 2023G. This inventory represents the group's properties held for sale, including completed and ready-for-sale residential or commercial units following the development phase. Projects are only transferred from the Inventory of Properties Under Development to Inventory of Properties once they are 90% complete and ready for sale.

The Inventory Properties decreased from SAR 335.2 million as at 31 December 2021G to SAR 275.8 million as at 31 December 2022G, mainly due to the sale of 874 units during the period and two plots of land valued at SAR 156.8 million.

The Inventory Properties increased from SAR 275.8 million as at 31 December 2022G to SAR 589.6 million as at 31 December 2023G, reflecting the impact of the group's investments during FY2023G. The number of units available for sale rose from 479 units as at 31 December 2022G to 748 units as at 31 December 2023G, driven by the completion of seven projects and their transfer from the Inventory of Properties Under Development to Inventory of Properties. These include AlMajdiah 129 (SAR 112.3 million, 196 units), AlMajdiah 143 (SAR 89.7 million, 105 units), and AlMajdiah 142 (SAR 76.2 million, 96 units).

The balance Inventory of Properties decreased from SAR 589.6 million as at 31 December 2023G to SAR 542.8 million as at 30 September 2024G, due to the sale of 744 residential units during the Nine-Month Period Ended 31 September 2024G. This was offset by the transfer of AlMajdiah 141 from Investment Properties to the Completed Inventory Properties.

It is worth noting that the inventory turnover ratio increased gradually from FY2021G to FY2023G from 124 to 231 days, reflecting the rapid growth in the number of available units. This is aligned with several factors: (i) an increasingly competitive real estate market, and (ii) a high-interest-rate environment. The turnover ratio remained stable at 249 days as at 30 September 2024G, as the Group managed to sell a large portion of the residential units in the Inventory of Properties.

Table 6.39: Summary of Completed Inventory Properties as at 30 September 2024G

SAR 000s	As at 30 September 2024G				
	Property Type	Total Number of Units	Number of Units Available for Sale* (or Rent)	Unit Price (SAR 000s)	Balance (SAR 000s)
AlMajdiah 148	Townhouses	70	70	2,400	126,509
AlMajdiah 154	Townhouses	64	64	2,300	117,438
AlMajdiah Majaz	Offices	12	12	N/A	83,330
AlMajdiah 181	Offices	15	15	N/A	75,065
AlMajdiah 156	Residential units	125	71	1,000	60,686
AlMajdiah 143	Residential units	105	25	980	25,701
AlMajdiah 141	Chalets	17	17	N/A	23,567
AlMajdiah 129	Residential units	196	16	929	12,864
AlMajdiah 144	Residential units	50	6	1,000	8,044
AlMajdiah 142	Residential units	96	4	1,000	3,071
Total for the Top 10 Projects	N/A	750	300	N/A	536,275
Other	N/A	320	7	N/A	6,484
Total	N/A	1,070	307	N/A	542,759

Source: Management information.

*These are the remaining available units for sale that have not been sold yet.

AlMajdiah 148

AlMajdiah 148 is located in the Narjis District of Riyadh, with a built-up area of 21.7 thousand square meters and a saleable area of 21.0 thousand square meters, consisting of townhouses. The balance of AlMajdiah 148 under Inventory Properties stood at SAR 126.5 million as at 30 September 2024G. The project has 70 units available for sale, at an average unit price of SAR 2.4 million as at 30 September 2024G.

AlMajdiah 154

AlMajdiah 154 is located in the Narjis District of Riyadh with a built-up area of 17.9 thousand square meters and a saleable area of 13.2 thousand square meters, consisting of townhouses. The balance of AlMajdiah 154 under Inventory Properties stood at SAR 117.4 million as at 30 September 2024G. The project has 64 units available for sale, at an average unit price of SAR 2.3 million as at 30 September 2024G.

AlMajdiah Majaz

AlMajdiah Majaz is located in Al Aqiq District of Riyadh and is designated for rental, with an area of 7.7 thousand square meters. The balance of AlMajdiah Majaz was SAR 83.3 million as at 30 September 2024G.

AlMajdiah 181

AlMajdiah 181 is located in Al Qairawan District of Riyadh and is designated for rental, with an area of 4.4 thousand square meters. The balance of AlMajdiah 181 was SAR 75.1 million as at 30 September 2024G.

AlMajdiah 156

AlMajdiah 156 is located in the Al Nada District of Riyadh, with a built-up area of 24.4 thousand square meters and a saleable area of 23.9 thousand square meters, consisting of residential units. The balance of AlMajdiah 156 under Inventory of Properties stood at SAR 60.7 million as at 30 September 2024G. The project has 71 units available for sale, at an average unit price of SAR 1 million as at 30 September 2024G.

AlMajdiah 143

AlMajdiah 143 is located in the Al Hamra District of Riyadh with a built-up area of 24.5 thousand square meters and a saleable area of 17.1 thousand square meters, consisting of residential units. The balance of AlMajdiah 143 under Inventory Properties stood at SAR 25.7 million as at 30 September 2024G. The project has 25 units available for sale, at an average unit price of SAR 980,000 as at 30 September 2024G.

AlMajdiah 141

AlMajdiah 141 is located in Al Qairawan District of Riyadh and is designated for rental, with an area of 2.6 thousand square meters. The balance of AlMajdiah 141 was SAR 23.6 million as at 30 September 2024G.

AlMajdiah 129

AlMajdiah 129 is located in the Al Qamra District of Riyadh with a built-up area of 36.8 thousand square meters and a saleable area of 25.6 thousand square meters, consisting of apartments. The balance of AlMajdiah 129 under Inventory Properties stood at SAR 12.9 million as at 30 September 2024G. The project has 16 units available for sale, at an average unit price of SAR 929,000 as at 30 September 2024G.

AlMajdiah 144

AlMajdiah 144 is located in the Narjis District of Riyadh with a built-up area of 7.6 thousand square meters and a saleable area of 6.6 thousand square meters, consisting of apartments. The balance of AlMajdiah 144 under Inventory of Properties stood at SAR 8.0 million as at 30 September 2024G. The project has 6 units available for sale, at an average unit price of SAR 987 thousand as at 30 September 2024G.

AlMajdiah 142

AlMajdiah 142 is located in the Narjis District of Riyadh with a built-up area of 18.2 thousand square meters and a saleable area of 13.8 thousand square meters, consisting of apartments. The balance of AlMajdiah 142 under Inventory of Properties stood at SAR 3.1 million as at 30 September 2024G. The project has 4 units available for sale, at an average unit price of SAR 1.0 million as at 30 September 2024G.

6.10.3.2.2 Trade Receivables

Table 6.40: Trade Receivables as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Trade Receivables	13,740	38,952	69,159	130,893
Less: Provision for expected credit losses	(1,356)	(5,487)	(3,913)	(3,657)
Total	12,384	33,465	65,245	127,235

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G and Management information.

Table 6.41: Unaudited Ageing of Receivable as at 30 September 2024G

SAR 000s	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	More than 365 days*	As at 30 September 2024G
Total	35,053	36,765	22,412	18,525	-	18,138	130,893

Source: Management information.

- * Balances outstanding for more than 365 days relate to (1) an individual customer as a result of the sale of land whose ownership has not been transferred (SAR 9.0 million), (2) a non-governmental customer, namely Blom Real Estate Investment Fund (SAR 4.6 million), and (3) a government customer, namely the Ministry of Housing (SAR 4.6 million).

Table 6.42: Ageing of Receivable as at 31 December 2023G

SAR 000s	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	More than 365 days*	As at 31 December 2023G
Total	32,405	14,615	-	-	2,608	19,531	69,159

Source: Management information.

- * The balances outstanding for more than 365 days relate to (1) an individual customer as a result of the sale of land whose ownership has not been transferred (SAR 13.0 million), (2) a non-governmental customer, namely Blom Real Estate Investment Fund (SAR 4.6 million), and (3) a government customer, namely the Ministry of Housing (SAR 2.0 million).

Trade receivables amounted to SAR 127.2 million as at 30 September 2024G, representing receivables from real estate development clients (mainly funds) and sales of units and land (mostly individuals). Although the group does not offer sales on credit, trade receivables related to unit sales arise due to delays in issuing invoices or bank transactions for individual customers. Outstanding balances exceeding 365 days relate to (1) an individual client due to the sale of land for which ownership has not been transferred (SAR 9.0 million), (2) a non-governmental client, which is the Blom Real Estate Fund (SAR 4.6 million), and (3) a government client, which is the Ministry of Housing (SAR 4.6 million).

Trade receivables increased from SAR 12.4 million as at 31 December 2021G to SAR 33.5 million as at 31 December 2022G, mainly due to receivables from the sale of land in the Al-Rimal area amounting to SAR 7.8 million and real estate development income receivables of SAR 6.1 million, which were subsequently received.

Trade receivables further increased from SAR 33.5 million as at 31 December 2022G to SAR 65.2 million as at 31 December 2023G, primarily related to receivables from the Al-Shamal Residence Fund amounting to SAR 14.2 million related to AlMajdiah 147 and the Blom Real Estate Investment Fund 2 amounting to SAR 14.2 million related to construction costs due within the real estate development sector. These balances were received in the first quarter of FY2024G.

Trade receivables further increased to SAR 127.2 million as at 30 September 2024G, in line with the growth of the Group's operations, particularly in the real estate development sector and the sale of completed inventory units, the growth was primarily related to Residence Al Khobar Fund (SAR 45.6 million) and customers of land and residential units.

Table 6.43: Movement in the Provision for Expected Credit Losses for The Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

SAR 000s	Financial Year Ended 31 December			The Nine-Month Period Ended 30 September 2024G
	2021G (Adjusted)	2022G (Adjusted)	2023G	
On January 1	1,356	1,356	5,487	3,913
(Reversal) / Deferred for the year	-	4,131	(1,573)	(256)
As at 31 December / 30 September	1,356	5,487	3,913	3,657

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, unaudited condensed consolidated interim financial information and statements for the nine-month period ended 30 September 2024G and Management information.

As at 30 September 2024G, the balance of trade receivables outstanding for further than 365 days amounted to SAR 18.1 million, including SAR 9.0 million related to land for which ownership has not yet been transferred, and overdue receivables from the Ministry of Housing amounting to SAR 4.6 million that have been outstanding for further than a year due to halted projects from Blom Real Estate Investment Fund. The group has submitted a claim of such balances.

The expected credit loss provision stood at SAR 1.4 million as at 31 December 2021G and increased to SAR 5.5 million as at 31 December 2022G, in line with the increase in trade receivables, which led to an increase in the expected credit loss coverage ratio from 9.9% to 14.1% during the period.

The balance decreased to SAR 3.9 million as at 31 December 2023G, despite the rise in trade receivables. During FY2023G, no expected credit loss analysis was conducted, as estimates indicated that the nature of the business did not necessitate an additional provision since the nature of real estate sales reduces the need for provisioning, as properties serve as collateral and mitigate the risk of credit losses. Accordingly, SAR 1.6 million of the previously established provision was reversed. As a result, the expected credit loss coverage ratio decreased from 14.1% to 5.7% during the period.

Similarly, the Group did not set aside an additional provision during the Nine-Month Period Ended 30 September 2024G, and the expected credit loss provision remained at SAR 3.7 million as at 30 September 2024G. Consequently, the expected credit loss coverage ratio decreased from 5.7% to 2.8% during the period.

With regard to trade receivables outstanding for further than 365 days, it is worth noting that, after 30 September 2024G, the Company collected a significant portion of the receivables related to the sold land, with only SAR 6 million remaining, which the Group expects to collect by the end of FY2024G. This follows the lifting of the suspension in the second half of November 2024G. As for the receivables from the Ministry of Housing, the Group confirms its commitment to collating all necessary documentation to pursue the collection of these receivables. A dedicated team has been assigned to follow up and collect these amounts starting from the end of November 2024G. Regarding the receivables from Blom Fund, the Group is in the process of completing the necessary procedures to convert these balances into ownership units in the Fund.

6.10.3.2.3 Contract Assets

Contract assets are initially recognized for revenue earned from real estate development and management services rendered but not yet invoiced to clients. Upon invoicing, the recorded amounts are reclassified from contract assets to trade receivables. Contract assets amounted to zero as at 31 December 2021G, as the Group recorded the full cost of development and transferred amounts to its profit and loss account.

Contract assets increased from SAR 18.3 million as at 31 December 2022G to SAR 59.8 million as at 31 December 2023G, primarily due to the increase in ongoing real estate development at the end of the current year compared to the previous year. Subsequently, an invoice for the full amount of SAR 59.8 million (SAR 18.2 million as at 31 December 2022G) was issued to clients after year-end.

Contract assets as at December 2023G decreased from SAR 59.8 million to SAR 54.1 million as at 30 September 2024G due to invoicing, which led to the transfer of balances to accounts receivable.

6.10.3.2.4 Prepaid Expenses and payments Other Current Assets

Table 6.44: Prepaid Expenses and Other Current Assets for the Financial Years Ended 31 December 2021G, 2022G, 2023G and 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
VAT Receivable	95,458	78,756	77,322	56,858
Advance Payments to Suppliers	49,209	14,287	36,890	58,627
Prepaid Expenses	645	10,244	7,422	15,307
Letter of Guarantee	-	-	4,875	5,010
Notes Receivables	-	-	-	3,975
Real Estate Tax	2,278	1,642	1,869	1,490
Employee Receivables	1,356	1,745	1,013	1,377
Other	529	2,163	980	848
Total	149,476	108,837	130,371	143,493

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, unaudited condensed consolidated interim financial information and statements for the nine-month period ended 30 September 2024G and Management information.

VAT Receivables

VAT receivable relates to the purchase of goods and services. The Group submitted its VAT returns within the regulatory timeframe.

VAT receivable decreased from SAR 95.5 million as at 31 December 2021G to SAR 78.8 million as at 31 December 2022G and further to SAR 77.3 million as at 31 December 2023G, as the outstanding balance due to the Group was received from the Zakat, Tax and Customs Authority during the period.

VAT receivable decreased again to SAR 56.9 million as at 30 September 2024G due to the collection of amounts owed to Jadat AlRabe'a Real Estate and AlRaeah Real Estate companies.

Advance Payments to Suppliers

Advance payments to suppliers amounted to SAR 36.9 million as at 31 December 2023G, related to payments made to contractors for the construction and development of projects.

Advance payments to suppliers decreased from SAR 49.2 million as at 31 December 2021G to SAR 14.3 million as at 31 December 2022G, primarily due to the reduction in advance payments to Al Shurfa Investment and Development Company related to AlMajdiah 142 project, with SAR 33.7 million being settled upon completion of related services.

Advance payments to suppliers increased from SAR 14.3 million as at 31 December 2022G to SAR 36.9 million as at 31 December 2023G, mainly due to advance payments made to contractors for development works amounting to SAR 17.3 million, in addition to advance payments of SAR 16.7 million for the purchase of Al Rafiah land.

Advance payments to suppliers rose again to SAR 58.6 million as at 30 September 2024G, primarily due to advance payments for land purchases, as well as an increase in advance payments to contractors.

Prepaid Expenses

Prepaid expenses amounted to SAR 7.4 million as at 31 December 2023G, mainly related to prepaid expenses for a sports equipment supplier to provide gym equipment for the AlDar Investment Fund projects.

Prepaid expenses increased from SAR 645 thousand as at 31 December 2021G to SAR 10.2 million as at 31 December 2022G, primarily due to prepaid amounts for sports equipment and tools, totaling SAR 9.7 million.

Prepaid expenses decreased from SAR 10.2 million as at 31 December 2022G to SAR 7.4 million as at 31 December 2023G, due to the reduction in prepaid amounts for gym equipment as the contract between the parties neared its end.

Prepaid expenses increased from SAR 7.4 million as at 31 December 2023G to SAR 15.3 million as at 31 December 2024G, due to an increase in prepaid insurance. This was partially offset by a decrease in prepaid amounts for gym equipment as the contract between the parties neared its end.

Letter of Guarantee

The letter of guarantee represents the amount retained by the bank on behalf of a supplier through AlRajhi Bank. This amount is restricted by the bank. The letter of guarantee amounted to SAR 4.9 million as at 31 December 2023G and SAR 5.0 million as at 30 September 2024G.

Notes Receivables

Notes Receivables amounted to SAR 4.0 million as at 30 September 2024G, in connection with the collection of the balance due to the Land in Al Qairawan.

Real Estate Tax

Real estate tax is imposed at a rate of 5% of the value of the real estate supply and is collected upon the documentation of the real estate transaction. The real estate transaction tax is a new tax added to the system of other taxes and fees imposed on certain sectors in the Kingdom, and it exempts certain real estate supplies made after the royal decree came into effect from value-added tax (VAT). The Group submitted its real estate tax return within the regulatory period. The real estate tax balance was SAR 2.3 million as at 31 December 2021G and decreased to SAR 1.6 million as at 31 December 2022G, and SAR 1.9 million as at 31 December 2023G. The amount is recognized in the income statement when the property is finalized.

The real estate tax balance decreased from SAR 1.9 million as at 31 December 2023G to SAR 1.5 million as at 30 September 2024G.

The variance in the real estate tax balance is primarily due to the timing of property sales and the issuance of financial statements, as these balances are continuously settled.

Employee Receivables

Employee receivables mainly relate to employee loans, which are granted based on management approval. All employees are eligible for advances up to twice their base salary, which are later deducted from employee salaries over 12 equal installments.

Employee receivables remained stable, amounting to SAR 1.4 million as at 31 December 2021G, SAR 1.7 million as at 31 December 2022G, SAR 1.0 million as at 31 December 2023G, and SAR 1.4 million as at 30 September 2024G.

Other

Prepaid expenses and other current assets primarily relate to deferred facility fees, advance payments for investment in AlMajdiah Tower, and prepaid expenses for projects under development.

Other prepaid expenses increased from SAR 529 thousand as at 31 December 2021G to SAR 2.2 million as at 31 December 2022G, related to deferred facility fees associated with the AlNarjis Fund.

Other prepaid expenses decreased from SAR 2.2 million as at 31 December 2022G to SAR 980 thousand as at 31 December 2023G, related to advance payments for investment in AlMajdiah Tower.

Other prepaid expenses decreased from SAR 980 thousand as at 31 December 2023G to SAR 848 thousand as at 30 September 2024G in relation to prepaid expenses for projects in progress.

6.10.3.2.5 Amounts Due from Related Parties

Table 6.45: Amounts Due from Related Parties for the Financial Years Ended 31 December 2021G, 2022G, 2023G and 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Mohammed Ibrahim AlMajed	7,951	7,951	7,951	-
Shareholders*	-	4,385	6,778	12,579
Jadat AlOula Real Estate Development Company	28,119	1,980	6,395	4,793
Nader Hassan Attallah AlAmri	400	-	-	-
Dar AlMajed Holding Company	-	25	704	-
Ammar Investment Holding Company	1	19	-	-
Maskan Rafah Real Estate Company	-	8	-	-
AlMajd AlAwla Real Estate Company	2	2	3	-
Mohammed Abdulrahman Nasser AlMajed	13,437	-	-	-
Khaled Abdulrahman Nasser AlMajed	12,920	-	-	-
Abdullah Bin Abdulrahman Real Estate Company	8	-	-	-
AlLobnah Real Estate Development Company	7.7	-	-	-
Abdulrahman and Ahmed Bin AlMajed Real Estate Company	2	-	-	-
Amlak Real Estate Financing Company	1	-	-	-
AlMajed Second Real Estate Company	2	-	-	-
Reversal/Provision of Related Parties	(2,525)	-	-	-
Total	60,325	14,370	21,831	17,373

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G and Management information.

* This amount represents the cost of the initial offering, which was agreed to be reimbursed by the Shareholders upon the successful listing process.

Table 6.46: Compensation of Senior Management Employees for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Short-term employee benefits	6,540	6,540	6,780	6,780
End of service benefits	545	1,090	1,130	1,130
	7,085	7,630	7,910	7,910
Board of Directors compensation	-	230	1,823	86

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G and Management information.

Amounts due from Related Parties totaled SAR 17.4 million as at 30 September 2024G, primarily related the IPO expenses owed by the shareholders and totaling SAR 12.6 million, and SAR 4.8 million owed by Jadat AlOula Real Estate Development Company, an associate in which the Group has an investment.

The amounts due from Related Parties decreased from SAR 60.3 million as at 31 December 2021G to SAR 14.4 million as at 31 December 2022G. This was mainly due to the collection of the outstanding balance from Al Jadat AlOula Real Estate Development Company, amounting to SAR 26.1 million, and payments received from shareholders Mohammed Abdulrahman Nasser Al-Majed (SAR 13.4 million) and Khaled Abdulrahman Nasser Al-Majed (SAR 12.9 million). This was partially offset by an increase in the balance owed by shareholders for IPO expenses amounting to SAR 4.4 million, which was agreed to be settled upon the successful listing.

The amounts due from Related Parties increased from SAR 14.4 million as at 31 December 2022G to SAR 21.8 million as at 31 December 2023G, mainly due to the increase of the balance owed by Jadat AlOula Real Estate Development Company.

The amounts due from Related Parties decreased to SAR 17.4 million as at 30 September 2024G, as a result of the receipt of amounts due from Mohammed Ibrahim AlMajed.

6.10.3.2.6 Cash and Cash Equivalents

Table 6.47: Cash and Cash Equivalents for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Cash at the bank	290,090	197,400	141,235	270,653
Short-term deposits	-	39,438	27,000	-
Cash in the fund	42	387	80	31
Total	290,132	237,226	168,315	270,684

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G and Management information.

Cash and cash equivalents decreased from SAR 290.1 million as at 31 December 2021G to SAR 237.2 million as at 31 December 2022G, in line with the Group's increased investments in project development and construction, as well as the repayment of loans during the period.

Cash and cash equivalents further decreased from SAR 237.2 million as at 31 December 2022G to SAR 168.3 million as at 31 December 2023G, primarily due to the repayment of SAR 1,516.5 million in Loans and borrowings during the period. It should be noted that the Group had no restricted cash as at 31 December 2023G.

Cash and cash equivalents increased from SAR 168.3 million as at 31 December 2023G to SAR 270.7 million as at 30 September 2024G, driven by receipts of loans and borrowings amounting to SAR 1,383.2 million, in addition to the proceeds generated from the Group's sale of part of its shares in Jadat AlOula Real Estate Development Company.

6.10.3.3 Equity

Table 6.48: Equity for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Share Capital	300,000	300,000	300,000	300,000
Statutory Reserve	33,648	44,599	44,599	44,599
Retained Earnings	63,642	171,368	321,357	465,348
Equity attributable to Shareholders of the parent	397,390	515,967	665,956	809,946
Non-Controlling interest	181,334	137,848	65,618	(4,686)
Total	578,623	653,815	731,573	805,260

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

Capital

The Group's authorized, issued, and fully paid capital amounted to SAR 300 million as at 31 December 2021G, 2022G, 2023G, and 30 September 2024G, consisting of 300 million shares with a nominal value of SAR 1 per share.

Statutory Reserve

According to the new Companies Law in Saudi Arabia, which came into effect on 19 January 2023G, the Group is no longer required to maintain a statutory reserve, and the balance can be transferred to retained earnings. The statutory reserve was SAR 33.6 million as at 31 December 2021G and increased to SAR 44.6 million as at 31 December 2022G, FY2023G, and 30 September 2024G.

Retained Earnings

Retained earnings increased from SAR 63.6 million as at 31 December 2021G to SAR 171.4 million as at 31 December 2022G and SAR 321.4 million as at 31 December 2023G, driven by the Group's net profit of SAR 142.4 million and SAR 167.0 million in FY2022G and FY2023G, respectively.

Retained earnings further rose from SAR 321.4 million as at 31 December 2023G to SAR 465.3 million as at 30 September 2024G, reflecting the Group's profit generation during the period.

No n-Controlling Interests

Non-controlling interests relate to the partially owned consolidated entities of the holding company:

- Jadat AlRabe'a (25% ownership)
- Jadat AlShat'e (70% ownership)
- AlDar Investment Fund (70% ownership: 27% direct, 43% through AlMajdiah Investment Fund, fully owned by the holding company)
- AlNarjis Investment Fund (63.53% owned through AlMajdiah Investment Fund, fully owned by the holding company)

Non-controlling interests decreased from SAR 181.3 million as at 31 December 2021G to SAR 137.8 million as at 31 December 2022G, and to SAR 65.6 million as at 31 December 2023G, driven by a reduction in AlMajdiah Investment Fund's equity as residential units were sold and capital gains were realized during the period.

Non-controlling interests decreased from SAR 65.6 million as at 31 December 2023G to SAR (4.7) million as at 30 September 2024G, as AlDar Investment Fund Projects were almost sold out.

6.10.3.4 Non-current Liabilities

Table 6.49: Non-current Liabilities for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Loans and borrowings	700,331	950,580	388,925	898,957
Lease Contract liabilities	1,551	793	-	-
Defined employee benefit liabilities	6,463	4,245	4,985	4,590
Contract liabilities	-	26,799	50,155	37,744
Total	708,346	982,416	444,065	941,292

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

6.10.3.4.1 Loans and Borrowings

Table 6.50: Loans and borrowings for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	Margin	Due Date	As at 31 December			As at 30 September 2024G (Unaudited)
			2021G (Adjusted)	2022G (Adjusted)	2023G	
AlRajhi Bank – Murabaha	SAIBOR+24%	2025G	305,975	314,445	362,141	256,388
Arab National Bank – Tawarruq	SAIBOR+24%	2027G	-	153,784	26,784	313,550
Banque Saudi Fransi – Tawarruq	SAIBOR+2%	2024G	-	226,252	241,252	208,486
Masar Alnumou Finance Company	5.5%	2025G	-	-	-	173,150
Riyad Bank - Murabaha	SAIBOR+2%	2024G	384,357	245,829	-	-
Riyad Bank	SAIBOR + 1.5%	2025G	-	-	-	112,383

SAR 000s	Margin	Due Date	As at 31 December			As at 30 September 2024G (Unaudited)
			2021G (Adjusted)	2022G (Adjusted)	2023G	
Amlak International for Real Estate Finance – Murabaha	8%	2024G	10,000	10,271	-	-
Total			700,331	950,580	630,177	1,063,957
Current			-	-	241,252	165,000
Non-current			700,331	950,580	388,925	898,957

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G, and Management information.

The Group finances part of its operations through Loans and borrowings from banks. During FY2021G and FY2022G, the Group secured new facilities to cover development project expenses. Subsequently, during FY2022G and FY2023G, the Group used proceeds from unit sales to settle a significant portion of its loans.

The total Loans and borrowings granted to the Group amounted to SAR 1,064.0 million and consisted of the following financing agreements as at 30 September 2023G:

- In April 2024G, the Group signed an agreement to obtain a loan from Masar for Finance. The loan is intended to finance the development of three real estate projects. The loan term extends over 24 months from the execution date, and will be repaid in semi-annual installments after the end of the period. The loan carries a profit margin of 5.5% and is secured by real estate guarantees covering at least 130% of the total financing.
- In 2021G, the Group signed a loan agreement with AlRajhi Bank amounting to SAR 720 million. The loan is intended to finance the purchase of real estate land and related development and construction works. The loan has a term of 3 years and is repayable in a single installment after 3 years. The loan carries a margin of SAIBOR +2.4%. The loan is secured by personal guarantees from the shareholders. Notably, as at 30 September 2024G, the personal guarantees related to this loan were canceled.
- In 2022G, the Group signed a loan agreement with Arab National Bank amounting to SAR 200.0 million. The loan is intended to finance the Group's investment in assets and other development projects. The loan is repayable annually and carries a margin of SAIBOR +2.4%. The loan is secured by promissory notes worth SAR 200 million. This agreement does not include any personal guarantees.
- In 2020G, the Group signed a loan agreement with Riyadh Bank. The loan is intended to finance the Group's development and construction projects. The loan has a term of 4 years and is repayable in a single installment after 4 years. The loan carries a margin of SAIBOR +2%. The loan is secured by a mortgage on two properties valued at 150% of the financing amount. The financing agreement does not include any personal guarantees. The loan was fully repaid in 2023G prior to its maturity and was not renewed.
- In 2022G, the Group signed a loan agreement with Banque Saudi Fransi. The loan is intended for the purchase of land in Riyadh. The loan is repayable in two installments during 2024G and carries a margin of SAIBOR +2%. The loan is secured by land in the Narjis District in Riyadh with a fair value of SAR 369 million and promissory notes worth SAR 245 million. The agreement does not include any personal guarantees.
- In 2021G, the Group signed a loan agreement with Amlak International for Real Estate Finance. The loan is intended to finance the Group's development and construction projects. The loan has a term of 3 years and is repayable in a single installment after 3 years. The loan carries a margin of SAIBOR +8%. The loan is secured by personal guarantees from the shareholders. The loan was fully repaid in 2023G prior to its maturity and was not renewed.

It should be noted that most of the loans, especially the new ones, are tied to the AIDar Investment Fund aimed at purchasing and developing properties. These funds have been consolidated for accounting purposes, but they are managed by Jadwa, which means that lenders cannot resort to the group in case of default. The benefit of using these funds is that utilizing the fund as a structure for raising capital allows the group to increase project financing, generate revenue and profits from selling units, along with fees, without increasing its balance sheet liabilities.

The balance of Loans and borrowings increased from SAR 700.3 million as at 31 December 2021G to SAR 950.6 million as at 31 December 2022G, driven by new loans secured for residential unit development from Banque Saudi Fransi (SAR 226.3 million) and Arab National Bank (SAR 153.8 million), partially offset by decrease in the Riyadh Bank loan balance by SAR 138.5 million.

The balance of Loans and borrowings decreased from SAR 950.6 million as at 31 December 2022G to SAR 630.2 million as at 31 December 2023G, following the settlement of the Riyadh Bank loan (SAR 245.8 million) and partial repayment of the Arab National Bank loan (SAR 127.0 million). These loans were repaid upon project completion and the realization of sales, reducing the need for borrowing.

The balance of Loans and borrowings increased from SAR 630.2 million as at 31 December 2023G to SAR 1,064.0 million as at 30 September 2024G, in line with the group securing additional loans from AlRajhi Bank and Arab National Bank, with the Group also securing a new loan from Masar for Finance.

The financial charges and amortization of transaction costs on loans were SAR 14.7 million, SAR 54.3 million, SAR 33.1 million, and SAR 1.2 million in FY2021G, FY2022G, FY2023G, and the Nine-Month Period Ended 30 September 2024G, respectively. Loan charges of SAR 11.5 million, SAR 43.4 million, SAR 19.9 million, and SAR 22.5 million were capitalized as part of the Inventory of Properties during FY2021G, FY2022G, FY2023G, and the Nine-Month Period Ended 30 September 2024G, respectively.

The Group had SAR 435 million as at 31 December 2021G, SAR 405 million as at 31 December 2022G, SAR 358 million as at 31 December 2023G, and SAR 289 million as at 30 September 2024G in committed but undrawn loan facilities, allocated for the completion of the Group's projects under execution.

6.10.3.4.2 Lease Liabilities

Table 6.51: Movement in Lease Liabilities for the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G and the Nine-Month Period Ended 30 September 2024G

SAR 000s	Financial Year Ended 31 December			Nine-Month Period Ended 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
On 01 January	2,972	2,277	1,551	793
Commission due	105	74	41	-
Amounts paid	(800)	(800)	(800)	(793)
On 31 December / 30 September	2,277	1,551	793	-
Current	726	759	793	-
Non-current	1,551	793	-	-

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G and Management information.

Lease liabilities relate to the lease agreement for the AlMajdiah 69 project, which is leased to external clients. The lease term expires at the end of FY2025G, and it is expected to be renewed. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments that are to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, and variable lease payments that depend on an index or rate, as well as amounts expected to be paid under residual value guarantees. 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 the lease, if the lease term reflects the group's option to terminate. Variable lease payments that do not depend on an index or rate are expensed in the year in which the event or condition that triggers the payment occurs.

The balance of lease liabilities decreased from SAR 2.3 million as at 31 December 2021G to SAR 1.6 million as at 31 December 2022G, further to SAR 0.8 million as at 31 December 2023G, and SAR 0 as at 30 September 2024G, due to the payments made by the Group.

6.10.3.4.3 Employee Defined Benefit Obligations

Table 6.52: Movement in Net Defined Benefit Liabilities for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and the Nine-Month Period Ended 30 September 2024G

SAR 000s	Financial Year Ended 31 December			Nine-Month Period Ended 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
As at 01 January	1,307	6,463	4,245	4,985
Deferred for the year	2,174	2,290	1,659	764
Benefits paid	(82)	(218)	(621)	(1,159)
Actuarial gain/(losses) on liability	3,064	(4,291)	(298)	-
As at 31 December / 30 September	6,463	4,245	4,985	4,590

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, unaudited condensed consolidated interim financial information and statements for the Nine-Month Period Ended 30 September 2024G, and Management information.

The Group manages an unfunded end-of-service benefits program in accordance with the prevailing labor laws in the Kingdom of Saudi Arabia. A provision for the program's benefits is made based on actuarial recommendations. Actuarial valuations are carried out using the projected unit credit method.

Employee benefit obligations decreased from SAR 6.5 million as at 31 December 2021G to SAR 4.2 million as at 31 December 2022G, primarily due to actuarial losses of SAR 4.3 million.

Employee benefit obligations increased from SAR 4.2 million as at 31 December 2022G to SAR 5.0 million as at 31 December 2023G, driven by a charge for the year of SAR 1.7 million, partially offset by payments of SAR 621 thousands and actuarial losses of SAR 298 thousands.

Employee benefit obligations decreased from SAR 5.0 million as at 31 December 2023G to SAR 4.6 million as at 30 September 2024G due to the Group's payment of SAR 1.2 million from the defined employee benefit obligations.

6.10.3.4.4 Contract Liabilities

Table 6.53: Contract Liabilities for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Current	115,557	127,726	302,224	364,765
Non-current	-	26,799	50,155	37,744
Contract Liabilities – Customer deposits and advances	115,557	154,524	352,379	402,509

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

Contract liabilities represent unearned revenue related to the Sales from the Completed Inventory Properties, advance payments from customers in the real estate development sector, and recently provided maintenance services.

Contract liabilities increased from SAR 115.6 million as at 31 December 2021G to SAR 154.5 million as at 31 December 2022G, driven by an increase of SAR 56.0 million in advance payments from real estate development customers, in line with the increase in projects under development from 14 to 18, along with SAR 22.4 million in customer prepayments for maintenance services.

Contract liabilities further increased from SAR 154.5 million as at 31 December 2022G to SAR 352.4 million as at 31 December 2023G, related to additional customer prepayments for residential units amounting to SAR 197.8 million, mainly due to delays in transferring title deeds. Contract liabilities also include amounts received from customers on conditional exchanges of contracts related to future maintenance obligations as part of the Sales from the Completed Inventory Properties. The Group received non-refundable deposits for a five-year maintenance service. Total contract liabilities related to customer deposits amounted to SAR 66.7 million as at 31 December 2023G (SAR 26.8 million as at 31 December 2022G).

The balance of contract liabilities increased from SAR 352.4 million as at 31 December 2023G to SAR 402.5 million as at 30 September 2024G, mainly due to an increase in customer advances related to the purchase of land plots.

6.10.3.5 Current Liabilities

Table 6.54: Current Liabilities for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Loans and borrowings	-	-	241,252	165,000
Lease contract liabilities	726	759	793	-
Trade and other payables	191,791	264,991	364,179	295,571
Contract liabilities	115,557	127,726	302,224	364,765
Amounts due to Related Parties	336,048	291,786	221,103	184,827
Zakat Payable	26,378	40,076	20,118	8,228
Total	670,500	725,337	1,149,668	1,018,390

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

6.10.3.5.1 Trade and Other payables

Table 6.55: Trade and other Payables for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Trade Payables	122,991	159,221	220,289	177,400
Accrued Expenses	5,127	30,789	54,558	47,529
Provision for onerous contracts	53,188	34,235	35,865	35,297
Notes Payable	-	-	20,164	2
VAT Payable	-	393	13,752	12,118
Accrued finance charges	6,150	16,666	13,096	18,551
Real Estate Tax Payable	4,334	23,687	6,453	4,674
Total	191,791	264,991	364,179	295,571

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G, and Management information.

Trade Payables

Trade payables amounted to SAR 220.3 million as at 31 December 2023G, primarily including balances owed to Abdullah Al-Rajhi, Tatweej Contracting Company, and Ahmed Al-Qadi & Partners Co. Ltd., among other suppliers, contractors, and developers.

The balance of trade payables increased from SAR 123.0 million as at 31 December 2021G to SAR 159.2 million as at 31 December 2022G, mainly due to the increase in the balance owed to Abdullah Al-Rajhi by SAR 42.2 million, who contributed to the AlMajdiah 154 project and provided land for a development project by the group. These balances will be settled through the sales of units related to these projects.

Trade payables further increased from SAR 159.2 million as at 31 December 2022G to SAR 220.3 million as at 31 December 2023G, primarily driven by an additional balance of SAR 19.3 million owed to Abdullah Al-Rajhi related to an additional investment in the AlMajdiah 129 project, as well as an increase in the balance owed to Tatweej Contracting Company by SAR 16.5 million, one of the Group's key contractors, and an increase in the balance owed to Ahmed Al-Qadi & Partners Co. Ltd. by SAR 6.5 million.

The trade payables balance decreased from SAR 220.3 million as at 31 December 2023G to SAR 177.4 million as at 30 September 2024G, due to the reduction in the balance owed to Abdullah Al-Rajhi pertaining to the completion and sale of units in the AlMajdiah 129 project, in which Abdullah Al-Rajhi was an investor.

Accrued Expenses

Accrued expenses amounted to SAR 47.5 million as at 30 September 2024G, primarily related to accumulated development expenses, as management began accumulating costs for projects that had reached the sales phase.

Accrued expenses increased from SAR 5.1 million as at 31 December 2021G to SAR 30.8 million as at 31 December 2022G, driven mainly by accumulated development expenses of SAR 24.6 million, as management began recording additional provisions for sold projects.

Accrued expenses further increased from SAR 30.8 million as at 31 December 2022G to SAR 54.6 million as at 31 December 2023G, due to an additional SAR 24.9 million in accumulated development expenses, related to the expected additional costs on completed projects.

Accrued expenses decreased from SAR 54.6 million as at 31 December 2023G to SAR 47.5 million as at 30 September 2024G, following the settlement of expenses during the period. As at 30 June 2024G, accrued expenses related to AlMajdiah projects 139B, 135, 128, 146, 137, 143, 144, 152, among others. This was offset by an accrued performance expense related to performance expenses paid by AlNarjis Fund to Dar AlMajed Real Estate Company in connection with the sale of Al-Aziziyah Land during the period.

It is worth noting that the accrued expenses relate to fees payable by AlNarjis Fund to Dar AlMajed Real Estate Company as a result of the sale of Al-Aziziyah Land (AlMajdiah 151). During the closing procedures, the Fund's accounting team did not record the invoice issued by Dar AlMajed Real Estate Company, but rather recorded the cost as an accrual. These balances will be cancelled once the Fund's finance team records the invoice.

Provision for onerous contracts

A provision is recognized for certain contracts with suppliers where the unavoidable costs to fulfill the obligations exceed the expected economic benefits (onerous contracts). These costs are expected to be incurred in the upcoming financial year. During FY2022G, management conducted an annual assessment of all ongoing projects to determine if any additional costs may be incurred. This evaluation identified 15 contracts classified as onerous, leading to the recognition of a provision of SAR 53.2 million as at 31 December 2021G. Most of these projects were related to Jadat AlOula and the Blom Fund, particularly the AlMajdiah 115 project, where additional costs of SAR 7.8 million were recorded.

The provision for onerous contracts decreased from SAR 53.2 million as at 31 December 2021G to SAR 34.2 million as at 31 December 2022G, primarily due to the realization of the expected losses.

In 2023G, an additional provision of SAR 30 million was made for a project where the Group undertook to incur this extra cost to complete the project according to specifications. Based on legal advice, the Group decided to pursue a legal claim for the same amount against the previous contractor due to negligence.

As a result, the onerous contract provision increased from SAR 34.2 million as at 31 December 2022G to SAR 35.9 million as at 31 December 2023G, mainly due to the SAR 30 million provision made for the AlMajdiah 147 project.

The onerous contract provision remained unchanged at SAR 35.3 million as at 30 September 2024G.

Notes Payable

Notes payable amounted to SAR 20.2 million as at 31 December 2023G, related to advance payments made by check from the Group to shareholders for the settlement of part of the balances owed to related parties, in addition to the transfer of a plot of land in Al-Rimal. The value of notes payable decreased from SAR 20.2 million as at 31 December 2023G to SAR 2,000 as at 30 September 2024G.

VAT Payable

VAT payable relates to the VAT owed to the relevant governmental authority, which had not yet been remitted. VAT payable increased from zero as at 31 December 2021G to SAR 393 thousand as at 31 December 2022G, due to the rise in taxable sales incurred during the same period.

VAT payable further increased from SAR 393 thousand as at 31 December 2022G to SAR 13.8 million as at 31 December 2023G, in line with the increase in the number of projects being executed by the Group.

VAT payable then decreased from SAR 13.8 million as at 31 December 2023G to SAR 12.1 million as at 30 September 2024G, following the settlement of the VAT balance.

Accrued Finance Charges

Accrued Finance charges increased from SAR 6.2 million as at 31 December 2021G to SAR 16.7 million as at 31 December 2022G, in line with the increase in loan balances during the period.

Accrued Finance charges decreased from SAR 16.7 million as at 31 December 2022G to SAR 13.1 million as at 31 December 2023G, due to fluctuations in financing cost in line with changes in loan balances.

Accrued Finance charges increased from SAR 13.1 million as at 31 December 2023G to SAR 18.6 million as at 30 September 2024G, in line with the increase in the loan balance during the period.

Real Estate Tax Payable

Real estate tax payable increased from SAR 4.3 million as at 31 December 2021G to SAR 23.7 million as at 31 December 2022G. The real estate tax payable then decreased from SAR 23.7 million as at 31 December 2022G to SAR 6.5 million and SAR 4.7 million as at 31 December 2023G and 30 September 2024G, respectively, due to the settlement of the outstanding liabilities before the year-end.

6.10.3.5.2 Amounts Due to Related Parties

Table 6.56: Amounts Due to Related Parties for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G (Adjusted)	
Prince Saud bin Abdullah bin Mohammed Al Saud	119,728	131,428	125,673	102,021
Khaled Abdulrahman Nasser AlMajed	-	41,467	-	-
Mohammed Abdulrahman Nasser AlMajed	-	39,519	-	-
Prince Faisal bin Abdullah bin Mohammed Al Saud	13,723	38,733	37,849	37,819
Majed Abdulrahman Nasser AlMajed	565	9,488	-	-
Hussam Abdulrahman Nasser AlMajed	17,399	9,488	-	-
Jawhara Opportunity Real Estate Company	-	-	12,398	-
Real Estate Construction Opportunities Company	7,005	8,506	-	-
Emaar Real Estate Opportunities	-	-	165	-
Jadwa Investment	-	5,132	36,759	1,356
Mohammed and Musab Abdullah Al Ajlan Company	4,515	4,515	-	-
Dar AlMajed Real Estate Company	6,471	3,419	4,392	-
Abdulsalam Abdulrahman Nasser AlMajed	81,455	5	-	-
Nasser Abdulrahman Nasser AlMajed	81,439	5	-	-
Albilad Investment Co.	-	82	10	5
Jadat AlOula Real Estate Development Company	-	-	3,857	-
AlMajdiah Investment Fund	3,747	-	-	-
AbdulKarim Eid Ali Eid				21,813
Ibrahim Mohammed Ibrahim Al Qazlan				21,813
Total	336,048	291,786	221,103	184,827

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

The amounts due to related parties mainly relate to financing balances from shareholders to the Group, as well as management fees owed to the manager of the Group's consolidated real estate funds.

As at 30 September 2024G, amounts due to Related Parties amounted to SAR 184.8 million, primarily consisting of balances owed to Prince Saud bin Abdullah Al Saud of SAR 102.0 million related to financing, balances owed to Prince Faisal bin Abdullah Al Saud of SAR 37.8 million related to financing, and amounts payable to AbdulKarim Eid Ali Eid and Ibrahim Mohammed Ibrahim Al Qazlan related to Burj AlRaeah Real Estate Company.

The amounts due to related Parties decreased from SAR 336.0 million as at 31 December 2021G to SAR 291.8 million as at 31 December 2022G. This was mainly due to the settlement of SAR 81.5 million to Abdul Salam Abdulrahman AlMajed and SAR 81.4 million to Nasser Abdulrahman AlMajed, partially offset by increases in amounts payable to Khaled Abdulrahman AlMajed by SAR 41.5 million, Mohammed Abdulrahman AlMajed by SAR 39.5 million, and Prince Faisal bin Abdullah Al Saud by SAR 25.0 million.

The amounts due to Related Parties decreased from SAR 291.8 million as at 31 December 2022G to SAR 221.1 million as at 31 December 2023G, primarily due to the settlement of SAR 41.5 million to Khaled Abdulrahman AlMajed and SAR 39.5 million to Mohammed Abdulrahman AlMajed through the transfer of a plot of land in Al Rimal from investment properties to shareholders, partially offset by an increase in amounts payable to Jadwa Investment by SAR 31.6 million, related to management fees for managing the consolidated funds.

The amounts due to Related Parties further decreased from SAR 221.1 million as at 31 December 2023G to SAR 184.8 million as at 30 September 2024G, due to the settlement of a shareholder's dues amounting to SAR 23.6 million and the partial settlement of management fees to Jadwa Investment amounting to SAR 35.4 million. This was partially offset by an increase in the amounts payable to AbdulKarim Eid Ali Eid and Ibrahim Mohammed Ibrahim Al Qazlan related to Burj AlRaeah Real Estate Company.

6.10.3.5.3 Zakat Payable

Table 6.57: Zakat Payable for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
As at 01 January	12,203	26,378	40,076	20,118
Deferred during the year	20,344	19,161	12,650	8,228
Reversal of previous year's restriction	-	-	(8,755)	(6,136)
Paid during the year	(6,169)	(5,463)	(23,854)	(13,981)
As at 31 December / 30 September	26,378	40,076	20,118	8,228

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority (ZATCA). The Zakat provision for the Group and the Zakat related to the Group's ownership in Saudi subsidiaries is charged to the consolidated statement of profit or loss. Any additional amounts due, if applicable, are recognized when the final assessments are settled and those amounts are determined.

Zakat payable increased from SAR 26.4 million as at 31 December 2021G to SAR 40.1 million as at 31 December 2022G, in line with the Group's Zakat base. In 2022G, the Group received approval from ZATCA to submit the Zakat declaration for the Group, which includes the final results of the parent company and its wholly-owned subsidiaries. As such, during FY2023G, the Group reversed Zakat liabilities amounting to SAR 8.1 million.

This led to a decrease in Zakat payable to SAR 20.1 million as at 31 December 2023G.

Zakat payable decreased from SAR 20.1 million as at 31 December 2023G to SAR 8.2 million as at 30 September 2024G, due to payments made during the year amounting to SAR 14.0 million, as well as the reversal of Zakat provisions related to prior periods amounting to SAR 6.1 million. This resulted from the Zakat, Tax, and Customs Authority's approval in 2022G, following the approval of the consolidated financial statements, that Zakat declarations be submitted on a unified basis for the Group, excluding partially owned subsidiaries.

6.10.3.6 Working Capital

Table 6.58: Working Capital for the Financial Years Ended 31 December 2021G, 2022G, 2023G and as at 30 September 2024G

SAR 000s	As at 31 December			As at 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Current assets				
Inventory of Properties	335,249	275,788	589,583	542,759
Contracts assets	-	18,256	59,806	54,142
Trade receivables	12,384	33,465	65,245	127,235
Prepayments expenses and other current assets	149,476	108,837	130,371	143,493
Amounts due from Related Parties	60,325	14,370	21,831	17,373
Cash and cash equivalent	290,132	237,226	168,315	270,684
Total	847,565	687,942	1,035,151	1,155,687
Current liabilities				
Loans and borrowings	-	-	241,252	165,000
Lease contract liability	726	759	793	-
Trade payables and others	191,791	264,991	364,179	295,571
Contract liabilities	115,557	127,726	302,224	364,765
Amounts due to Related Parties	336,048	291,786	221,103	184,827
Zakat payable	26,378	40,076	20,118	8,228
Total	670,500	725,337	1,149,668	1,018,390
Working capital / (used)	177,065	(37,395)	(114,517)	137,297

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G, and Management information.

Working capital decreased from SAR 177.1 million as at 31 December 2021G to SAR 37.4 million as at 31 December 2022G, primarily due to: (i) an increase in trade and other payables by SAR 73.2 million, driven by a rise in the amount owed to Abdullah Al-Rajhi by SAR 42.2 million, as he contributed to the AlMajdiah 154 project and provided land for another development project by the Group, with these balances to be settled through the sale of units in these projects; (ii) a reduction in inventories of real estate held for sale by SAR 59.5 million following the sale of 874 units and two plots of land valued at SAR 156.8 million; and (iii) a decrease in cash and cash equivalents by SAR 52.9 million, consistent with the Group's increased investments in construction and development, as well as loan repayments during the period.

Working capital further declined from SAR (37.4) million as at 31 December 2022G to SAR (114.5) million as at 31 December 2023G, due to: (i) an increase in short-term loans and borrowings by SAR 241.3 million as certain loans approached their repayment dates; (ii) an increase in contract liabilities by SAR 174.5 million, mainly due to delays in transferring title deeds; and (iii) an increase in trade and other payables by SAR 99.2 million, largely due to an additional amount of SAR 19.3 million owed to Abdullah Al-Rajhi related to further investment in the AlMajdiah 129 project, along with an increase of SAR 16.5 million owed to Tatweej Contracting, one of the Group's key contractors. This was partially offset by an increase in inventories of real estate held for sale by SAR 313.8 million, reflecting the Group's investments during FY2023G, with the number of available units rising from 479 as at 31 December 2022G to 748 as at 31 December 2023G, driven by the completion of 7 projects and their transfer from Properties Under Development to real estate held for sale.

Working capital increased from SAR (114.5) million as at 31 December 2023G to SAR 137.3 million as at 30 September 2024G, driven by the rise in current assets from SAR 1,035.2 million as at 31 December 2023G to SAR 1,155.7 million as at 30 September 2024G, primarily due to the increase in (i) Cash and cash equivalent by SAR 102.4 million due to receipts of loans and borrowings totaling SAR 1,383.2 million during the period, in addition to proceeds from the Group's sale of part of its shares in Jadat AlOula Real Estate Development Company; and (ii) accounts receivable, in line with the Company's growth in operations. This was partially offset by a decrease in the Completed Inventory Properties, primarily due to the sale of 744 residential units during the period. In addition, current liabilities decreased from SAR 1,149.7 million to SAR 1,018.4 million, due to a reduction in the balance of current Loans and borrowings from SAR 241.3 million to SAR 165.0 million, as the Group repaid part of its dues during the period. Additionally, there was a reduction in the balance of trade payables and other payables by SAR 68.6 million, due to a decrease in the trade payables balance related to one of the investors in the projects. Furthermore, the balance of payables to related parties decreased by SAR 36.3 million, as the Group partially settled its dues.

6.10.4 Statement of Cash Flows

Table 6.59: Consolidated Statement of Cash Flows for Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G and Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G

SAR 000s	Financial year Ended 31 December			Nine-Month Period Ended 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Annual Profit Before Zakat	317,529	161,556	170,863	225,376
Adjustments to Reconcile Profit before Zakat to Net Cash Flows:				
Property and Equipment Amortization	353	744	956	773
Right-of-use asset depreciation	457	457	457	459
Loss/(Profit) from Sale of Property and Equipment	-	(6)	27	-
Valuation gains from investment property	(38,796)	(9,190)	(52,280)	746
Loss/(Profit) from Sale of Real Estate Investment	-	(4,345)	353	
Gains from Valuation of Financial Assets at FVTPL	(9,496)	(2,540)	2,460	(3,679)
Share in Result of Associate Company	(7,592)	(7,705)	(6,723)	(3,627)
(Reversal)/ Provision for Expected Credit Losses	-	4,131	(1,573)	
Financing Cost	14,692	54,339	33,088	2,075
Gain on Disposal of a Share in an Associate				(12,299)
Provision for Specific Benefit Obligations for Employees	2,174	2,290	1,659	764
Total	279,323	199,732	149,287	210,588
Working Capital Adjustments:				
Inventory of Properties Under Development - Non-current	(116,791)	(568,342)	387,498	(324,345)
Inventory of Properties	80,017	59,461	(313,795)	64,824

SAR 000s	Financial year Ended 31 December			Nine-Month Period Ended 30 September 2024G (Unaudited)
	2021G (Adjusted)	2022G (Adjusted)	2023G	
Contract Assets	-	(18,256)	(41,549)	5,664
Commercial Debtors	19,322	(25,212)	(30,207)	(61,990)
Prepaid Expenses and Other Current Assets	(70,965)	40,639	(21,534)	(13,122)
Amounts Due from Related Parties	30,741	45,955	63,759	4,458
Commercial and Other Debtors	130,882	62,684	98,767	(68,608)
Contract Liabilities	115,557	38,968	197,855	50,130
Total	468,085	(164,372)	490,081	(132,402)
Paid Financing Cost	(11,615)	(44,965)	(46,798)	(24,579)
Paid Employees' Defined liabilities Obligations	(82)	(218)	(621)	(1,159)
Paid Zakat	(6,169)	(5,463)	(23,854)	(13,981)
Net Cash Flows From/(Used In) Operational Activities	450,219	(215,017)	418,808	(172,120)
Addition to Property and Equipment	(23,834)	(1,230)	(1,392)	(170)
Proceeds from Sale of Property and Equipment	-	56	8	-
Addition to Real Estate Investment	(62,757)	(4,032)	(7,861)	(14,844)
Proceeds from the sale of an interest in an Associate.	-	39,587	11,291	60,230
Purchase of Financial Assets at FVTPL	(31,652)	(22,439)	(47,252)	(14,342)
Proceeds of Sale of Financial Assets at FVTPL	-	20,137	5,291	-
Investing in Associate Company	(60,750)	-	-	-
Acquisition of Additional Benefits/Subsidiary	(148,584)	-	-	-
Dividends from Associate Company	-	-	1,785	3,206
Dividends from an investment at fair value through profit or loss	-	-	-	-
Net cash flows (used in)/resulting from investing activities	(327,577)	32,080	(38,129)	34,080
Proceeds from Loans and borrowings	319,153	1,437,562	1,196,060	1,383,189
Settled Loans and borrowings	(16,500)	(1,186,098)	(1,516,463)	(949,408)
Amounts Due to Related Parties	(169,320)	(44,262)	(36,569)	(36,276)
Paid Lease Liability	(800)	(800)	(800)	(793)
Net Acquisition and Repurchase of Non-Controlling Equity	-	(16,163)	-	-
Dividends Paid to Non-Controlling Equity	(14,190)	(60,208)	(91,817)	(156,302)
Net Cash Flows From/(Used In) Financing Activities	118,342	130,031	(449,589)	240,410
Net Shortage of Cash and Cash Equivalents	240,984	(52,907)	(68,911)	102,369
Cash and Cash Equivalents at the Beginning of the Year / Period	49,148	290,132	237,226	168,315
Cash and Cash Equivalents at the End of the Year / Period	290,132	237,226	168,315	270,684

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G, 31 December 2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

Net Cash Flows Generated from / (Used in) Operating Activities

Net cash flows generated from operating activities decreased from SAR 450.2 million in FY2021G to net cash used in operating activities amounting to SAR 215.0 million in FY2022G, primarily due to the increase in cash used for inventories of Properties Under Development - non-current, which rose from SAR 116.8 million to SAR 568.3 million, driven by the Group's increased investment during the period, with the balance of Properties Under Development increasing from SAR 852.2 million to SAR 1,420.6 million during this period, which was partially offset by cash inflows related to prepaid expenses and other current assets of SAR 40.6 million in FY2022G, compared to cash outflows of SAR 71.0 million in FY2021G.

Net cash flows used in operating activities increased from SAR 215.0 million used in FY2022G to net cash flows generated from operating activities of SAR 418.8 million in FY2023G, primarily driven by higher revenue during this period, with sales revenue from the Completed Inventory Properties increasing from SAR 712.1 million to SAR 853.9 million. This was partially offset by a decrease in real estate inventories of SAR 373.3 million, in line with sales of completed projects.

Net cash flows generated from operating activities decreased from SAR 418.8 million in FY2023G to net cash flows used in operating activities amounting to SAR 172.1 million in the Nine-Month Period Ended 30 September 2024G, primarily due to an increase in the Projects Under Development (SAR 324.3 million) as the Group invested in additional projects, while accounts payable decreased in line with the Group's payment of its dues. This was offset by cash flows generated from the Inventory of Properties resulting from the sale of 744 residential units during the period.

Net Cash Flows (Used in) / Generated from Investing Activities

Net cash flows used in investing activities increased from SAR 327.6 million used in investing activities in FY2021G to net cash flows generated from investing activities of SAR 32.1 million in FY2022G. This improvement was due to a decrease in additions to property and equipment, from SAR 23.8 million to SAR 1.2 million, a decrease in additions to investment properties, from SAR 62.8 million to SAR 4.0 million, as well as an increase in proceeds from the sale of investment properties, from zero to SAR 39.6 million, and an increase in proceeds from the sale of financial assets at fair value through profit or loss, from zero to SAR 20.1 million.

Net cash flows used in investing activities decreased to SAR 38.1 million in FY2023G, driven by a decline in proceeds from the sale of investment properties, from SAR 39.6 million to SAR 11.3 million, along with an increase in purchases of financial assets at fair value through profit or loss, from SAR 22.4 million to SAR 47.3 million during the period. This was coupled with a decrease in proceeds from the sale of financial assets at fair value through profit or loss, from SAR 20.1 million to SAR 5.3 million during the period.

Net cash flows used in investing activities increased from SAR 38.1 million in FY2023G to net cash inflows from investing activities of SAR 34.1 million in the Nine-Month Period Ended 30 September 2024G, mainly driven by the proceeds generated from the sale of a share in Jadat AlOula Real Estate Company amounting to SAR 60.2 million.

Net Cash Flows Generated from / (Used in) Financing Activities

Net cash flows generated from financing activities increased from SAR 118.3 million in FY2021G to SAR 130.0 million in FY2022G, driven by new loans obtained during the period, with total loan proceeds amounting to SAR 1,437.6 million in FY2022G. This was partially offset by a reduction in net cash flows due to loan repayments totaling SAR 1,186.1 million during the period.

Net cash flows used in financing activities decreased to SAR 449.6 million due to loan repayments of SAR 1,516.5 million during the period.

Net cash flows from financing activities increased from SAR 449.6 million used in FY2023G to net cash inflows of SAR 240.4 million for the Nine-Month Period Ended 30 September 2024G, due to the receipts of loans amounting to SAR 1,383.2 million in the Nine-Month Period Ended 30 September 2024G, coupled with a decrease in the amounts repaid on loans and borrowings during the period.

6.10.5 Contingent Liabilities and Commitments

Contingent Liabilities

The Group has provided guarantee letters, including financial guarantees, bid bonds, and performance guarantees through local banks for its commercial activities and on behalf of certain subsidiaries, amounting to SAR 750 million as at 30 September 2024G (FY2023G: SAR 362 thousand, FY2022G: SAR 314 million).

Capital Commitments

As at 30 September 2024G, the Group has future capital commitments amounting to SAR 950 million (FY2023G: SAR 550 million, SAR 397 million as at 31 December 2022G) related to the Inventory of Properties Under Development.

6.10.6 Previous periods adjustments

6.10.6.1 Adjustments of the statement of financial position as at 01 January 2021G

Table 6.60: Adjustments to the Statement of Financial Position as at 01 January 2021G

In SAR 000s	Listed as at 01 January 2021G	Adjustments	As at 01 January 2021G (Adjusted)
Right-of-Use Assets	-	1,831	1,831
Retained earnings	59,844	(1,141)	58,703
Lease Liabilities – Current Portion	-	678	678
Lease Liabilities - Non-current Portion	-	2,293	2,293

Source: Audited consolidated financial statements for the financial year ended 31 December 2022G.

Management adjusted an error from previous years, which is related to the non-recording of a lease contract for the year ended 31 December 2020G. The error has been corrected through retained earnings as at 01 January 2021G.

6.10.6.2 Adjustments for FY2021G

Table 6.61: Adjustment to the Financial Position as at 31 December 2021G

In SAR 000s	Note	Declared as at 31 December 2021G	Adjustments	As at 31 December 2021G (Adjusted)
Assets				
Non-Current Assets				
Property & Equipment		23,954	-	23,954
Right-of-Use Assets	3	-	1,373	1,373
Investment Real Estate		101,553	-	101,553
Inventory and Property under Development	1,4	154,529	697,703	852,231
Investment in Associate Company	1,2	200,470	(130,963)	69,506
Financial Assets at FVTPL	1	41,148	20,137	61,284
Financial Assets at FVOCI	2	97,800	(97,800)	-
Total Non-Current Assets		619,454	490,450	1,109,903
Current Assets				
Inventory of Properties		335,249	-	335,249
Trade Receivables		12,384	-	12,384
Prepayments and Other Current Assets		103,197	46,279	149,476
Amounts Due from Related Parties	1	79,371	(19,046)	60,325
Cash and Cash Equivalents	1	277,166	12,966	290,132
Total Current Assets		807,367	40,199	847,565
Total Assets		1,426,820	530,648	1,957,469
Equity Capital				
Share Capital		300,000	-	300,000
Statutory Reserve		41,609	(7,961)	33,648
Retained Earnings	2,5	121,051	(57,409)	63,642
Reserve at Fair Value	2	37,050	(37,050)	-
Equity Attributable to Shareholders of Parent Company		499,710	(102,420)	397,290
Non-Controlling Interest	1	250	181,083	181,334
Total Equity Capital		499,960	78,663	578,623
Non-Current Liabilities				
Loans and borrowings	1	315,975	384,357	700,331

In SAR 000s	Note	Declared as at 31 December 2021G	Adjustments	As at 31 December 2021G (Adjusted)
Lease Liability	3	-	1,551	1,551
Employees' Defined liabilities Obligations		6,463	-	6,463
Total Non-Current Liabilities		322,438	385,908	708,346
Current liabilities				
Lease Liability	3	-	726	726
Trade and other Payables	1,5	135,146	56,645	191,791
Contract Liabilities	5	113,855	1,701	115,557
Amounts Due to Related Parties	1	329,043	7,005	336,048
Zakat		26,378	-	26,378
Total Current Liabilities		604,422	66,078	670,500
Total Equity and Liabilities		1,426,820	530,648	1,957,469

Source: Audited consolidated financial statements for the financial year ended 31 December 2022G.

Table 6.62: Adjustment to the Statement of Profit or Loss and other Comprehensive Income for FY2021G

In SAR 000s	Note	Declared 2021G	Adjustments	FY2021G Adjusted
Revenue from Sale of Completed Inventory Properties	5	743,654	(1,968)	741,686
Revenue from Land Sales		237,137	-	237,137
Cost of Sale - Inventory Properties	4,6	(647,870)	(24,552)	(672,422)
Total Profit from the Inventory of Properties		332,921	(26,520)	306,401
Real estate commission income		16,119		16,119
Real estate development income	1	127,092	(22,887)	104,205
Cost of Sale	6	(95,859)	(29,622)	(125,481)
Total Profit from Real Estate Commission and Development		47,351	(52,509)	(5,158)
Investment Property Valuation Profits		38,796		38,796
Right-of-use asset depreciation	3		(457)	(457)
General and Administrative Expenses	1	(22,244)	(7,969)	(30,213)
Selling and Marketing Expenses		(7,725)	-	(7,725)
Operating Profit		389,100	(87,455)	301,644
Finance cost	3	(3,060)	(351)	(3,411)
Share in Result of Associate Company	2	(8,309)	15,901	7,592
Other income	1	11,501	203	11,704
Profit Before Zakat		389,232	(71,702)	317,529
Zakat		(20,344)	-	(20,344)
Profit for Year		368,887	(71,702)	297,185

Source: Audited consolidated financial statements for the financial years ended 31 December 2022G.

Table 6.63: Adjustment to the Cash Flow Statement for FY2021G

In SAR 000s	Declared as at FY2021G	Adjustment	FY2021G (Adjusted)
Change in Operating Cash Flows	187,928	262,291	450,219
Change in Investing Cash Flows	(259,605)	(67,972)	(327,577)
Change in Financing Cash Flows	299,695	(181,353)	118,342

Source: Audited consolidated financial statements for the financial year ended 31 December 2022G.

- This adjustment relates to the non-consolidation of the AIDar Investment Fund in the previous year, with a 51.97% ownership. As at 31 December 2021G, the Group owned 20,884,463 units valued at SAR 1267 per unit, with a total value of SAR 264,606,140, representing 51.97% of the units in the investment fund. Management treated the investment as an associate under IAS 28. Given the 51.97% ownership, Management believes that the Group should have consolidated the financial statements with the investment fund under IFRS 10, due to the existence of control. Based on the agreement between Dar AlMajd Real Estate Company and AIDar Investment Company, the Group holds full responsibility for project development and operational decision-making. Additionally, with the Group's 51.97% ownership and two shareholders from Dar AlMajd potentially raising the voting rights to 40% (2 out of 5 board members), Management believes that the Group should have consolidated the AIDar Investment Fund as at 31 December 2021G.
- This adjustment relates to the misclassification of an investment at fair value through other comprehensive income instead of using the equity method. On 1 September 2021G, the Group acquired 1.5 million shares in Jadat AIOula Real Estate Company at a price of SAR 40.5 per share, totaling SAR 60,750,000. This represents 15% of the company's shares. The Group accounted for its 15% stake as an equity instrument at fair value through other comprehensive income, in accordance with IFRS 9. Management evaluated whether significant influence existed under IAS 28 to determine whether the investment should have been accounted for using the equity method. Management believes that significant influence exists due to the Group's CEO being represented on the board and the presence of material transactions.
- This misstatement pertains to a sale and leaseback transaction that was not accounted for in 2020G but was fully recognized in 2022G. Therefore, this error requires an adjustment to the opening balances as at 1 January 2020G, due to the deviation from IFRS 16 requirements regarding sale and leaseback transactions.
- This misstatement relates to an error in recognizing the cost of selling a property in 2021G, which was sold in 2022G.
- This misstatement relates to the deferral of maintenance obligations revenue, which was part of customer contracts but was not accounted for in accordance with IFRS 15.
- This misstatement pertains to losses related to onerous contracts that originated in 2021G, concerning projects under development.

6.10.6.3 Adjustments for FY2022G

Table 6.64: Adjustment to the Statement of Financial Position as at 31 December 2022G

In SAR 000s	Note	Declared as at 31 December 2022G	Adjustments	Adjusted as at 31 December 2022G
Non-Current Assets				
Inventory of Properties Under Development	1	1,396,076	24,498	1,420,574
Reputation	1	24,498	(24,498)	-
Equity Capital				
Statutory Reserve	2	46,316	(1,717)	44,599
Retained Earnings	2	186,824	(15,456)	171,368
Equity Attributable to Shareholders of Parent Company			(17,173)	
Non-Controlling Equity	2	145,245	(7,397)	137,848
Total			(24,570)	
Current Liabilities				
Commercial and Other Debtors	2	240,421	24,570	264,991

Source: Audited consolidated financial statements for 31 December 2023G.

Table 6.65: Adjustment the Statement of Profit or Loss and other Comprehensive Income for FY2022G

In SAR 000s	Note	Declared in FY2022G	Adjustments	FY2022G Adjusted
Revenue from Sale of Completed Inventory Properties	2	759,807	(47,740)	712,067
Cost of Sale - Inventory Properties	2	(780,135)	23,170	(756,965)
			(24,570)	

Source: Audited consolidated financial statements for 31 December 2023G.

Table 6.66: Adjustment to the Consolidated Cash Flow Statement for FY2022G

In SAR 000s	Note	Declared in FY2022G	Adjustment	FY2022G Adjusted
Change in Operating Cash Flows		(190,520)	(24,498)	(215,017)
Change in Investing Cash Flows	2	(61,559)	93,639	32,080
Change in Financing Cash Flows		199,173	(69,141)	130,031

Source: Audited consolidated financial statements for 31 December 2023G.

This misleading statement relates to recognition of goodwill upon consolidating the AIDar Investment Fund in the previously, resulting from the increase in capital contribution from 52% to 70%. This misleading statement relates to the recording of the overpaid amounts for the acquisition of surplus in the AIDar Investment Fund in the past year through retained earnings.

- This error relates to the recognition of goodwill upon consolidating the AIDar Investment Fund in the previous year, resulting from the increase in capital contribution from 52% to 70%.
- This error concerns the deferral of revenue and related costs in connection with the maintenance obligation specified as part of sales contracts with customers according to IFRS. The error occurred in one of the Group's entities, the AIDar Investment Fund, where revenue and related costs for the performance obligation over five years were not deferred but recorded entirely in FY2022G. As a result, the correction has been made as a prior-year adjustment in the separate financial statements of the component, with the relevant impact reflected in these consolidated financial statements.

6.11 Analysis of Material Subsidiaries

6.11.1 Fikrat Istithmar Real Estate Development & Investment Company

6.11.1.1 Statement of Comprehensive Income for FY2021G, FY2022G and FY2023G for Fikrat Istithmar Real Estate Development & Investment Company

Table 6.67: Comprehensive Income Statement for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Fikrat Istithmar Real Estate Development & Investment Company

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	68,034	916	997	(98.7%)	8.8%	(98.5%)
Cost of revenue	(44,772)	(876)	(902)	(98.0%)	3.0%	(98.0%)
Gross profit	23,262	40	95	(99.8%)	137.5%	(99.6%)
General and administrative expenses	(53)	(104)	(63)	96.2%	(39.4%)	18.9%
Financing cost	(105)	(74)	(41)	(29.5%)	(44.6%)	(37.5%)
Profit for the year before Zakat	23,104	(138)	(10)	N/A	(92.8%)	(100.0%)
Zakat	(621)	(44)	-	(92.9%)	(100.0%)	(100%)
Profit for the year	22,483	(183)	(10)	N/A	(94.5%)	(100.0%)

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
KPI's						
As a Percentage of Revenue				%pt.		
Gross profit	34.2%	4.4%	9.5%	(29,8)	5,2	(24,7)
Net profit for the year	33.0%	(20.0%)	(1.0%)	(53,0)	19,0	(34,0)

Source: Management information.

Revenue

Revenue amounted to SAR 68.0 million in FY2021G, related to the Sales from the Completed Inventory Properties from four projects: AlMajdiah 92 (SAR 62.2 million from the sale of 82 residential units), AlMajdiah 90 (SAR 3.8 million from the sale of 7 residential units), AlMajdiah 66 (SAR 1.2 million from the sale of 2 residential units), and AlMajdiah 82 (SAR 0.7 million from the sale of 1 residential unit).

Revenue decreased by 98.7%, from SAR 68.0 million in FY2021G to SAR 916 thousand in FY2022G, due to the sale of all residential units during FY2021G, with revenue for FY2022G consisting mainly of rental income from residential units in the AlMajdiah 69 project.

Revenue increased by 8.8%, from SAR 916 thousand in FY2022G to SAR 997 thousand in FY2023G, reflecting the expected normal level of rental income.

Cost of Revenue

The cost of revenue primarily consists of land costs, construction costs related to the residential units sold in AlMajdiah 92, AlMajdiah 90, AlMajdiah 66, and AlMajdiah 82 projects, as well as maintenance, depreciation, and other expenses.

The cost of revenue decreased by 98.0%, from SAR 44.8 million in FY2021G to SAR 876 thousand in FY2022G, due to the sale of all available properties during FY2021G. The cost of revenue remained stable in FY2023G at SAR 0.9 million.

Gross Profit

Gross profit decreased by 99.8%, from SAR 233 million in FY2021G to SAR 40 thousand in FY2022G, in line with the decline in revenue of SAR 67.1 million during the period. Gross profit increased by 137.5%, from SAR 40 thousand in FY2022G to SAR 95 thousand in FY2023G.

General and Administrative Expenses

General and administrative expenses primarily relate to professional fees. These expenses increased from SAR 53 thousand in FY2021G to SAR 104 thousand in FY2022G due to higher professional fees.

General and administrative expenses decreased from SAR 104 thousand in FY2022G to SAR 63 thousand in FY2023G, mainly due to a reduction in professional fees, from SAR 75 thousand in FY2022G to SAR 54 thousand in FY2023G.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.68: Earnings Before Interest, Taxes, Depreciation and Amortization for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	68,034	916	997	(98.7%)	8.8%	(98.5%)
Cost of revenue	(44,772)	(876)	(902)	(98.0%)	3.0%	(98.0%)
Gross profit	23,262	40	95	(99.8%)	137.5%	(99.6%)
General and administrative expenses	(53)	(104)	(63)	96.2%	(39.4%)	18.9%

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Depreciation	457	457	457	0%	0%	0%
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	23,667	393	489	(98%)	24%	(86%)
KPI's						
As a Percentage of Revenue				%Pt.		
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	35%	43%	49%	8,1	6,2	14,3

Source: Management information.

EBITDA amounted to SAR 23.7 million in FY2021G and decreased to SAR 0.4 million in FY2022G and SAR 0.5 million in FY2023G, in line with the decline in revenue, as the Company did not record revenue from the Inventory of Properties sales except in FY2021G.

Financing Costs

Financing costs relate to interest expenses on the lease liability (AlMajdiah 69). Financing costs gradually decreased from SAR 105 thousand in FY2021G to SAR 74 thousand in FY2022G and SAR 41 thousand in FY2023G, in line with the amortization of the lease term, which is set to end by FY2025G.

Zakat

Zakat expense decreased from SAR 621 thousand in FY2021G to SAR 44 thousand in FY2022G and to zero in FY2023G.

Profit for the Year

Fikrat Istithmar Real Estate Development & Investment Company recorded net profits of SAR 22.5 million in FY2021G. However, after selling all projects in FY2021G and the absence of revenue from unit sales in FY2022G and FY2023G, the Company recorded losses of SAR 183 thousand in FY2022G and SAR 10 thousand in FY2023G.

6.11.1.2 Statement of Comprehensive Income for the Financial Periods Ended 30 September 2023G and 2024G for Fikrat Istithmar Real Estate Development & Investment Company

Table 6.69: Comprehensive Income Statement for the Nine-Month Periods Ended 30 September 2023G and 2024G for Fikrat Istithmar Real Estate Development & Investment Company

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	900	711	(21.1%)
Cost of revenue	(585)	(466)	(20.4%)
Gross profit	315	245	(22.3%)
General and administrative expenses	(17)	(27)	57.9%
Financing cost	(21)	-	(100.0%)
Profit for the year before Zakat	277	218	(21.3%)
Zakat	(49)	-	(100.0%)
Profit for the period	228	218	(4.5%)
KPI's			
As a Percentage of Revenue		%Percentage Points.	
Gross profit	35.0%	34.4%	(0.6)
Net profit for the period	25.3%	30.6%	5.3

Source: Management information.

Revenue

Revenue decreased from SAR 900 thousand for the Nine-Month Period Ended 30 September 2023G to SAR 711 thousand for the Nine-Month Period Ended 30 September 2024G, related to the rental income from the AIMajdiah 69 residential project.

Cost of Revenue

Cost of revenue decreased by 20.4%, from SAR 585 thousand for the Nine-Month Period Ended 30 September 2023G to SAR 466 thousand for the Nine-Month Period Ended 30 September 2024G. This was primarily due to a reduction in depreciation expenses during the period.

Gross Profit

Gross profit decreased by 22.3% from SAR 315 thousand for the Nine-Month Period Ended 30 September 2023G to SAR 245 thousand for the Nine-Month Period Ended 30 September 2024G in line with the decrease in revenue.

General and Administrative Expenses

General and administrative expenses increased by 126.6%, rising from SAR 12 thousand for the Nine-Month Period Ended 30 September 2023G to SAR 27 thousand for the Nine-Month Period Ended 30 September 2024G. This rise was primarily due to an increase in professional fees.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.70: Earnings Before Interest, Taxes, Depreciation and Amortization for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	900	711	(21.1%)
Cost of revenue	(585)	(466)	(20.4%)
Gross profit	315	245	(22.3%)
General and administrative expenses	(17)	(27)	57.9%
Depreciation	190	459	140.8%
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	488	676	38.5%
As a Percentage of Revenue		%pt.	
Gross profit	54.3%	95.2%	40.9

Source: Management information.

EBITDA increased from SAR 488 thousand for the Nine-Month Period Ended 30 September 2023G to SAR 459 thousand for the Nine-Month Period Ended 30 September 2024G, given that the largest part of the Company's expenses is related to depreciation expenses, and therefore the EBITDA margin increased from 54.3% to 79.5% during the period.

Finance Costs

Finance costs relate to interest expense on the lease liability for the AIMajdiah 69 project.

These costs decreased from SAR 21 thousand for the Nine-Month Period Ended 30 September 2023G to zero for the Nine-Month Period Ended 30 September 2024G, in line with the approaching end of the lease term.

Zakat

Zakat expense decreased from SAR 49 thousand for the Nine-Month Period Ended 30 September 2023G to zero for the Nine-Month Period Ended 30 September 2024G, as the Group previously filed its Zakat return based on the separate financial statements of the relevant entities for the Nine-Month Period Ended 30 September 2023G, whereas it now files on a consolidated basis.

Net Profit

Net Profit for Fikrat Istithmar Real Estate Development & Investment Company decreased from SAR 228 thousand for the Nine-Month Period Ended 30 September 2023G to SAR 218 thousand for the Nine-Month Period Ended 30 September 2024G, as a result of the decrease.

6.11.1.3 Statement of Financial Position for Fikrat Istithmar Real Estate Development & Investment Company

Table 6.71: Statement of Financial Position as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G for Fikrat Istithmar Real Estate Development & Investment Company

SAR 000s	As at 31 December			As at 30 September 2024G (Management information)
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Assets				
Non-current assets				
Right of use assets	1,373	916	459	-
Total non-current assets	1,373	916	459	-
Current assets				
Advance payments and other receivables	408	769	380	386
Amounts due from related parties	95,149	-	-	-
Cash and cash equivalent	149	2,129	3,214	848
Total current assets	95,707	2,899	3,593	1,233
Total assets	97,080	3,815	4,052	1,233
Total equity and liabilities				
Equity				
Share capital	100	100	100	100
Statutory reserve	30	30	30	30
Accumulated losses	(904)	(1,087)	(1,096)	(878)
Total Equity	(774)	(957)	(966)	(748)
Liabilities				
Non-current liabilities				
Lease obligations	1,551	793	-	-
Total non-current liabilities	1,551	793	-	-
Current liabilities				
Lease obligations	726	759	793	-
Other credits balances	198	299	330	229
Amounts due to related parties	93,084	620	3,851	1,708
Zakat payable	2,295	2,300	44	44
Total current liabilities	96,303	3,978	5,018	1,982
Total liabilities	97,854	4,771	5,018	1,982
Total equity and liabilities	97,080	3,815	4,052	1,233

Source: Management information.

Non-Current Assets

Right-of-Use Assets

The right-of-use assets relate to the lease agreement for the AlMajdiah 69 project, leased by Fikrat Istithmar Real Estate Development & Investment Company and sub-leased to external clients. The lease term ends at the end of FY2025G, with an expected renewal.

The balance of the right-of-use assets gradually decreased over the period from SAR 1.4 million as at 31 December 2021G to SAR 916 thousand as at 31 December 2022G, and then to SAR 459 thousand as at 31 December 2023G, due to depreciation during the period.

The balance further decreased from SAR 459 thousand as at 31 December 2023G to zero as at 30 September 2024G due to accumulated depreciation over the period and the approaching of the contract expiration date.

Current Assets

Prepayments and Other Receivables

Prepayments and other receivables mainly consist of prepaid expenses and real estate transfer taxes. The balance increased from SAR 407 thousand as at 31 December 2021G to SAR 769 thousand as at 31 December 2022G, primarily due to the increase in real estate taxes from SAR 5 thousand to SAR 362 thousand.

Prepayments and other receivables decreased to SAR 380 thousand as at 31 December 2023G, due to the drop in prepaid expenses from SAR 400 as at 31 December 2022G to zero in FY2023G.

Prepayments and other receivables remained stable at SAR 380 thousand as at 31 December 2023G and SAR 386 thousand as at 30 September 2024G.

Amounts Due from Related Parties

Amounts due from Related Parties amounted to SAR 95.1 million as at 31 December 2021G, representing balances due from owners. The balance decreased to zero as at 31 December 2022G, FY2023G, and 30 September 2024G due to the settlement of these amounts.

Cash and Cash Equivalents

Cash and cash equivalents increased from SAR 149 thousand as at 31 December 2021G to SAR 2.1 million as at 31 December 2022G due to the collection of amounts from related parties.

Cash and cash equivalents increased again to SAR 3.2 million as at 31 December 2023G, in line with the rise in amounts due from Related Parties from SAR 620 thousand to SAR 3.2 million.

Cash and cash equivalents decreased from SAR 3.2 million as at 31 December 2023G to SAR 848 thousand as at 30 September 2024G, following the settlement of some amounts due to Related Parties.

Equity

Capital

The capital of Fikrat Istithmar Real Estate Development & Investment Company amounted to SAR 100,000 as at 31 December 2023G and as at 30 September 2024G, consisting of 100 fully paid shares, each valued at SAR 1,000.

Statutory Reserve

In accordance with the Saudi Companies Law, Fikrat Istithmar Real Estate Development & Investment Company must transfer 10% of its annual net income to the statutory reserve until the reserve equals 30% of the capital. This reserve is currently not distributable to the shareholders of the Company. The statutory reserve amounted to SAR 30,000 as at 31 December 2021G, 2022G, 2023G, and 30 September 2024G.

It is worth noting that, starting from January 2023G, the new Companies Law eliminates the requirement for a 30% minimum statutory reserve, giving companies the option to create statutory reserves as needed.

Accumulated Losses

Accumulated losses increased from SAR 0.9 million as at December 2021G to SAR 1.1 million as at 31 December 2022G and 2023G due to the recording of losses by Fikra Investment for Real Estate Development and Investment during FY2022G and FY2023G.

Accumulated losses decreased from SAR 1.1 million as at 31 December 2023G to SAR 0.9 million as at 30 September 2024G due to the profits recorded by the Company during the Nine-Month Period Ended 30 September 2024G.

Non-Current Liabilities

Lease Liabilities

The lease liabilities relate to the lease of the AlMajdiah 69 project, sub-leased to external clients. The lease term ends at the end of FY2025G, with an expected renewal. At the commencement of the lease term, Fikrat Istithmar Real Estate Development & Investment Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including those that are fixed in substance) less any lease incentives receivable, variable lease payments that depend on an index or rate, and expected amounts payable under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and penalties for terminating the lease, if the lease term reflects the Company's exercise of a termination option. Variable lease payments that do not depend on an index or rate are expensed in the period in which the event or condition that triggers the payment occurs.

The balance of lease liabilities decreased from SAR 2.3 million as at 31 December 2021G to SAR 1.6 million as at 31 December 2022G, and further to SAR 0.8 million as at 31 December 2023G, and to zero as at 30 September 2024G, in line with payments made by the Group.

Current Liabilities

Other Payables

Other payables mainly consist of customer advances, deposits from customers, and other liabilities.

Other payables increased from SAR 198,000 as at 31 December 2021G to SAR 299,000 as at 31 December 2022G, and to SAR 330,000, driven by an increase in customer advances from SAR 116,400 to SAR 175,700 as at 31 December 2022G, and SAR 263,000 as at 31 December 2023G.

Other payables decreased from SAR 330,000 as at 31 December 2023G to SAR 229,000 as at 30 September 2024G due to a decrease in contract liabilities of SAR 101,000.

Amounts Due to Related Parties

Amounts due to Related Parties decreased from SAR 93.1 million as at 31 December 2021G to SAR 630,000 as at 31 December 2022G, as the parent company ("Dar AlMajed Real Estate Company") managed all operational aspects of Fikrat Istithmar Real Estate Development & Investment Company, with no substantial activities conducted during FY2022G. Thus, any expenses were accounted for by the parent company and recorded in Fikrat Istithmar Real Estate Development & Investment Company, which also utilized the parent company's assets for its operations.

Amounts due to related parties increased to SAR 3.9 million, related to amounts due to the parent company for the payment of Zakat liabilities on behalf of Fikrat Istithmar Real Estate Development & Investment Company.

Amounts due to Related Parties decreased from SAR 3.9 million as at 31 December 2023G to SAR 1.3 million as at 30 September 2024G, following the partial settlement of outstanding amounts during the period.

6.11.1.4 Statement of Cash Flows for Fikrat Istithmar Real Estate Development & Investment Company

Table 6.72: Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Fikrat Istithmar Real Estate Development & Investment Company

SAR 000s	Financial Years Ended 31 December		
	2021G (Management information)	2022G (Management information)	2023G (Management information)
Profit for the year before Zakat	23,104	(138)	(9)
Adjustments to reconcile profit before Zakat to net cash flows			
Depreciation of property and equipment	457	457	457
Commission for lease obligation	105	74	41
Total adjustments	563	531	498
Working capital adjustments:			
Inventory of Properties Under Development-non-current	42,126	-	-
Trade receivables	(408)	(361)	390
Related parties	(65,750)	2,686	-
Trade and other creditors	(820)	101	30
Total working capital adjustments:	(1,185)	(260)	420
Paid Zakat		(39)	(2,256)
Net cash flows from / (used in) operating activities	1,185	2,780	1,885
Paid lease obligation	(800)	(800)	(800)
Net cash flows from / (used in) financing activities	(800)	(800)	(800)
Net decrease in cash and cash equivalents	(1,985)	1,980	1,085
Cash and cash equivalents at the beginning of the year	2,134	149	2,129
Cash and cash equivalents at the end of the year	149	2,129	3,214

Source: Management information.

According to management, the group does not prepare separate financial flow statements for each subsidiary on a quarterly basis, or even annually, so we did not present the cash flow statements for subsidiaries as at 30 September 2024G.

Net Cash Flows from / (Used in) Operating Activities

Net cash flows from operating activities increased from SAR 1.2 million in FY2021G to net cash used in operating activities of SAR 2.7 million in FY2022G, primarily due to the increase in related parties' accounts from SAR -65.8 million to SAR 2.7 million, driven by the collection of outstanding balances from Nasser Abdulrahman Nasser Al-Majed and Abdul-Salam Abdulrahman Nasser Al-Majed amounting to SAR 95.1 million during the period.

Net cash flows from operating activities decreased from SAR 2.8 million used in FY2022G to net cash from operating activities of SAR 1.9 million in FY2023G, primarily driven by the reduction of related party balances to zero.

Net Cash Flows from / (Used in) Financing Activities

Net cash flows from financing activities remained consistent at SAR 800,000 in FY2021G, FY2022G, and FY2023G, related to the payment of the office lease liability.

6.11.2 Nibras AlMajdiah Real Estate Development Company

6.11.2.1 Statement of Comprehensive Income for FY2021G, FY2022G and FY2023G for Nibras AlMajdiah Real Estate Development Company

Table 6.73: Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Nibras AlMajdiah Real Estate Development Company

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	371,930	1,189	28,654	(99.7%)	2309.9%	(92.3%)
Cost of revenue	(228,617)	(2,445)	(26,103)	(98.9%)	967.7%	(88.6%)
Gross profit	143,312	(1,256)	2,551	N/A	N/A	(98.2%)
General and administrative expenses	(55)	(175)	(60)	218.2%	(65.7%)	9.1%
Profit from operations	143,258	(1,431)	2,492	N/A	N/A	(98.3%)
Other income	-	2,409	-	N/A	(100.0%)	N/A
Profit for the year before Zakat	143,258	978	2,492	(99.3%)	154.4%	(98.3%)
Zakat	(3,906)	(161)	-	(95.9%)	(100.0%)	(100.0%)
Profit for the year	139,351	817	2,492	(99.4%)	205.0%	(98.2%)
As a Percentage of Revenue					%pt.	
Gross profit	38.5%	(105.6%)	8.9%	(144.2)	114.5	(29.6)
Net profit for the year	37.5%	68.7%	8.7%	313	(60.1)	(28.8)

Source: Management information.

Revenue

The revenue of Nibras AlMajdiah Real Estate Development Company primarily relates to the Sales from the Completed Inventory Properties. Revenue dropped by 99.7% from SAR 371.9 million in FY2021G to SAR 1.2 million in FY2022G due to a significant decrease in the number of units sold during the period. In FY2021G, Nibras AlMajdiah Real Estate Development Company sold 393 residential units compared to only one unit in FY2022G.

Revenue rebounded from SAR 1.2 million in FY2022G to SAR 28.7 million in FY2023G, driven by the sale of 31 residential units during the period, all related to the AlMajdiah 152 project.

Cost of Revenue

Cost of revenue decreased by 98.9% from SAR 228.7 million in FY2021G to SAR 2.5 million in FY2022G, in line with the drop in residential unit sales in 2022G.

Cost of revenue then surged by 967.7% from SAR 2.5 million in FY2022G to SAR 26.1 million in FY2023G as residential unit sales increased during the period.

Gross Profit

Gross profit fell by 100.9% from SAR 143.3 million in FY2021G to a loss of SAR 1.3 million in FY2022G, reflecting a 98.7% decline in revenue from SAR 371.9 million to SAR 1.2 million during the same period due to reduced residential unit sales.

Gross profit increased by 137.5% from a loss of SAR 1.3 million in FY2022G to a profit of SAR 2.6 million in FY2023G, in line with the rise in revenue.

It is worth noting that the gross margin dropped from 38.5% in FY2021G to 8.9% in FY2023G due to higher land and construction costs during the period, as land prices were exceptionally low in FY2021G.

General and Administrative Expenses

General and administrative expenses increased from SAR 55,000 in FY2021G to SAR 175,000 in FY2022G due to a rise in government fees and subscriptions from SAR 20,000 to SAR 100,000 and an increase in other expenses from SAR 33,000 to SAR 75,000, mainly related to professional fees.

General and administrative expenses decreased from SAR 175,000 in FY2022G to SAR 60,000 in FY2023G due to a drop in government subscription fees from SAR 100,000 to SAR 5,000 in the same period, along with a reduction in professional fees from SAR 75,000 in FY2022G to SAR 54,000 in FY2023G.

Other Income

Other income amounted to SAR 2.4 million in FY2022G, representing a discount obtained during the purchase of the Al-Ghadeer Avenue project for SAR 26 million in FY2021G from Abdullah Al-Rajhi. Nibras AlAmaken Real Estate Development Company secured the additional discount during the year, and the amount was received in FY2022G.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.74: Earnings Before Interest, Taxes, Depreciation and Amortization for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	371,930	1,189	28,654	(99.7%)	2309.9%	(92.3%)
Cost of revenue	(228,617)	(2,445)	(26,103)	(98.9%)	967.7%	(88.6%)
Gross profit	143,312	(1,256)	2,551	N/A	N/A	(98.2%)
General and administrative expenses	(55)	(175)	(60)	218.2%	(65.7%)	9.1%
Profit from operations	143,258	(1,431)	2,492	N/A	N/A	(98.3%)
Other income	-	2,409	-	N/A	(100.0%)	N/A
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	143,258	978	2,492	(99.3%)	154.8%	(98.3%)
As a Percentage of Revenue					%pt.	
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	39%	82%	9%	43.7	(73.6)	(29.8)

Source: Management information.

EBITDA decreased from SAR 143.3 million in FY2021G to SAR 978,000 in FY2022G and then rose to SAR 2.5 million, in line with the movement in gross profit.

Zakat

Zakat expense decreased from SAR 3.9 million in FY2021G to SAR 161,000 in FY2022G and to zero in FY2023G.

Net Profit

Net Profit decreased from SAR 139.4 million in FY2021G to SAR 817,000 in FY2022G due to a decline in gross profit of SAR 144.6 million. Net profit then increased to SAR 2.5 million, in line with the improvement in EBITDA during the period.

6.11.2.2 Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for Nibras AlMaken Real Estate Development Company

Table 6.75: Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for Nibras AlMaken Real Estate Development Company

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	21,410	11,753	(45.1%)
Cost of revenue	(18,492)	(10,323)	(44.2%)
Gross profit	2,918	1,431	(51.0%)
General and administrative expenses	(15)	(37)	149.1%
Profit from operations	2,904	1,394	(52.0%)
Profit for the year before Zakat	2,904	1,394	(52.0%)
Zakat	(250)	(258)	3.4%
Profit for the period	2,654	1,135	(57.2%)
As a Percentage of Revenue			%pt.
Gross profit	13.6%	12.2%	(15)
Net profit for the period	12.4%	9.7%	(27)

Source: Management information.

Revenue

Revenue amounted to SAR 21.3 million in the Nine-Month Period Ended 30 September 2023G as a result of the sale of 24 residential units in AlMajdiah 152 at a price of SAR 6.2 thousand/square meter. Revenue decreased from SAR 11.8 million for the Nine-Month Period Ended 30 September 2024G, as a result of the decrease of number of sold units from 24 to 11 residential units, which was partially offset by the increase of the average square meter price to SAR 6.4.

Cost of Revenue

The cost of revenue decreased from SAR 18.5 million for the Nine-Month Period Ended 30 September 2023G to SAR 10.3 million, in line with the decrease of revenue in this period.

Gross Profit

Gross profit decreased from SAR 2.9 million for the Nine-Month Period Ended 30 September 2023G to SAR 1.4 million, in line with the decrease of revenue during this period. However, the Gross Profit Margin remained stable during this period at 12.9%.

General and Administrative Expenses

General and administrative expenses increased from SAR 15 thousand in the Nine-Month Period Ended 30 September 2023G, to SAR 37 thousand in the Nine-Month Period Ended 30 September 2024G.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.76: Earnings Before Interest, Taxes, Depreciation and Amortization for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	21,410	11,753	(45.1%)
Cost of revenue	(18,492)	(10,323)	(44.2%)
Gross profit	2,918	1,431	(51.0%)
General and administrative expenses	(15)	(37)	149.1%

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	2,904	1,394	(52.0%)
As a Percentage of Revenue			%pt.
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	13.6%	11.9%	(1.7)

Source: Management information.

EBITDA decreased from SAR 2.9 million in the Nine-Month Period Ended 30 September 2023G, to SAR 1.4 million in the Nine-Month Period Ended 30 September 2024G, in line with the decrease of Gross Profit during the same period.

Zakat

Zakat expenses remained stable at SAR 250 thousand in the Nine-Month Period Ended 30 September 2023G and SAR 258 thousand in the Nine-Month Period Ended 30 September 2024G.

Net Profit

Net Profit decreased from SAR 2.7 million in the Nine-Month Period Ended 30 September 2023G, to SAR 1.1 million in the Nine-Month Period Ended 30 September 2024G, in line with the decrease of the Gross Profit during the same period.

6.11.2.3 Statement of Financial Position for Nibras AlAmaken Real Estate Development Company

Table 6.77: Statement of Financial Position as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G for Nibras AlAmaken Real Estate Development Company

SAR 000s	As at 31 December			As at 30 September 2024G (Management information)
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Assets				
Current assets				
Inventory Properties	13,157	20,578	10,323	-
Trade receivables	209	475	479	484
Amounts due from related parties	10,008	-	-	5,500
Cash and cash equivalent	1,335	1,931	2,119	88
Total	24,709	22,983	12,921	6,073
Total assets	24,709	22,983	12,921	6,073
Equity and liabilities				
Equity				
Capital	100	100	100	100
Statutory reserve	30	30	30	30
Retained earnings	643	1,461	3,952	5,060
Total	773	1,591	4,082	5,190
Liabilities				
Non-current liabilities				
Long term loan	10,282	10,271	-	-
Total	10,282	10,271	-	-
Current liabilities				
Other credits balances	2,887	92	1,250	635

SAR 000s	As at 31 December			As at 30 September 2024G (Management information)
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Current contract obligations	-	-	80	-
Amounts due to related parties	6,281	6,383	2,861	247
Zakat payable	4,486	4,647	4,647	-
Total current liabilities	13,654	11,122	8,839	881
Total liabilities	23,936	21,392	8,839	881
Total equity and liabilities	24,709	22,983	12,921	6,073

Source: Management information.

Current Assets

Inventory of Properties

The Inventory of Properties is related to the AIMajdiah 152 project, which was completed as at 31 December 2021G, but sales began in FY2023G.

The inventory increased from SAR 13.2 million as at 31 December 2021G, to SAR 20.6 million as at 31 December 2022G, due to project improvements.

The inventory decreased from SAR 20.6 million as at 31 December 2022G, to SAR 10.3 million as at 31 December 2023G, following the sale of 31 residential units during the period.

The inventory further decreased from SAR 10.3 million as at 31 December 2023G, to zero as at 30 September 2024G after the sale of all units.

Other Trade Receivables

Trade receivables increased from SAR 209,000 as at 31 December 2021G, to SAR 475,000 as at 31 December 2022G, due to an increase in VAT of SAR 471,000, offset by a decrease in outstanding receivables of SAR 209,000.

Trade receivables remained unchanged at SAR 500,000 as at 31 December 2023G, and 30 September 2024G.

Amounts Due from Related Parties

As at 31 December 2021G, the amount due from Related Parties was SAR 10.0 million, mainly related to receivables from the parent company, Dar AlMajed, related to financing transactions.

The amount due from Related Parties decreased to zero as at 31 December 2022G, and remained at zero as at 31 December 2023G.

As at 30 September 2024G, the amount due from related parties was SAR 5.5 million, related to financing for AlRaeah Real Estate Company (SAR 5.5 million).

Cash and Cash Equivalents

Cash and cash equivalents increased from SAR 1.3 as at 31 December 2021G, to SAR 1.9 million as at 31 December 2022G, following the collection of amounts due from Related Parties (SAR 10.0 million).

Cash and cash equivalents further increased from SAR 1.9 million as at 31 December 2022G, to SAR 2.1 million as at 31 December 2023G, primarily due to sales from AIMajdiah 152, partially offset by loan repayments (-SAR 10.3 million).

Cash and cash equivalents decreased from SAR 2.1 million as at 31 December 2023G, to SAR 88,000 as at 30 September 2024G, reflecting the increase in amounts due from related parties, and the Company's payment of its dues to related parties.

Equity

Capital

As at 31 December 2023G, and 30 September 2024G, the capital of Nibras AlAmaken Real Estate Development Company amounted to SAR 100,000, consisting of 100 fully paid shares, each valued at SAR 1,000.

Statutory Reserve

In accordance with the Saudi Companies Law, Nibras AlAmaken Real Estate Development Company is required to allocate 10% of its annual net income to the statutory reserve until this reserve equals 30% of the capital. This reserve is currently non-distributable to the shareholders. The statutory reserve amounted to SAR 30,000 as at 31 December 2021G, 2022G, 2023G, and 30 September 2024G.

Starting from January 2023G, the new Companies Law no longer required the 30% minimum statutory reserve, granting companies the option to establish statutory reserves as needed.

Retained Earnings

Retained earnings gradually increased from SAR 0.6 million as at December 2021G to SAR 1.5 million as at 31 December 2022G, SAR 4.0 million as at 31 December 2023G, and SAR 5.1 million as at 30 September 2024G, as Nibras AlAmaken Real Estate Development Company recorded profits during this period.

Non-Current Liabilities

Long-Term Loans

The balance of long-term loans amounted to SAR 10.3 million as at 31 December 2021G and 2022G, related to a loan from Amlak International for Real Estate Finance. The loan balance was reduced to zero as at 31 December 2023G, and 30 September 2024G, as Nibras AlAmaken Real Estate Development Company settled its obligations during the period.

Current Liabilities

Other Payables

Other payables primarily consist of contract liabilities, trade payables, and other liabilities. The balance of other payables decreased from SAR 2.9 million as at 31 December 2021G, to SAR 92,000 as at 31 December 2022G, due to a reduction in real estate transaction tax liabilities by SAR 2.0 million, as well as a decrease in VAT liabilities from SAR 0.4 million to zero during the period.

Other payables increased from SAR 92,000 as at 31 December 2022G, to SAR 1.3 million as at 31 December 2023G, due to an increase in trade payables by SAR 1.2 million.

Other payables decreased from SAR 1.3 million as at 31 December 2023G to SAR 0.6 million as at 30 September 2024G as a result of the payment of their dues.

Amounts Due to Related Parties

Amounts due to Related Parties remained stable at SAR 6.3 million and SAR 6.4 million as at 31 December 2021G and 2022G, respectively, related to financing obtained by Nibras AlAmaken Real Estate Development Company from its owners and the parent company.

Amounts due to Related Parties decreased from SAR 2.8 million as at 31 December 2023G, to SAR 247 thousand as at 30 September, 2024G, as the Company settled its obligations.

6.11.2.4 Statement of Cash Flows for Nibras AlAmaken Real Estate Development Company

Table 6.78: Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Nibras AlAmaken Real Estate Development Company

SAR 000s	Financial Years Ended 31 December		
	2021G (Management information)	2022G (Management information)	2023G (Management information)
Profit for the year before Zakat	143,258	978	2,492
Working capital adjustments:			
Inventory of Properties	176,248	(7,421)	10,255
Trade receivables	(208)	(266)	(4)
Related parties	(309,707)	10,111	(3,522)
Trade and other creditors	(2,198)	(2,796)	1,239

SAR 000s	Financial Years Ended 31 December		
	2021G (Management information)	2022G (Management information)	2023G (Management information)
Total	7,392	607	10,459
Paid Zakat			
Net cash flows from / (used in) operating activities	7,392	607	10,459
Loan proceeds	10,000	671	
Repayment of loans	(16,500)	(682)	(10,271)
Net cash flows from / (used in) financing activities	6,500	(11)	(10,271)
Net decrease in cash and cash equivalents	892	596	189
Cash and cash equivalents at the beginning of the year	442	1,335	1,931
Cash and cash equivalents at the end of the year	1,335	1,931	2,119

Source: Management information.

According to management, the group does not prepare separate financial flow statements for each subsidiary on a quarterly basis, or even annually, so we did not present the cash flow statements for subsidiaries as at 30 September 2024G.

Net Cash Flows from / (Used in) Operating Activities

Net cash flows from operating activities decreased from SAR 7.4 million in FY2021G to net cash flows used in operating activities amounting to SAR 607,000 in FY2022G. This decline was primarily due to the reduction in Inventory of Properties by SAR 176.2 million, resulting in -SAR 7.4 million, driven by expenses related to a residential building project in Al Wadi District during the period.

Net cash flows from operating activities increased from SAR 7.4 million used in FY2022G to net cash flows from operating activities of SAR 10.5 million in FY2023G. This increase was mainly due to the rise in Inventory of Properties balance to SAR 10.3 million during the same period, driven by sales in the residential building project.

Net Cash Flows from / (Used in) Financing Activities

Net cash flows from financing activities decreased from SAR 6.5 million in FY2021G to net cash flows used in financing activities amounting to -SAR 11,000 in FY2022G, mainly due to the repayment of loans from Amlak International for Real Estate Finance amounting to SAR 16.5 million in FY2021G. Net cash flows from financing activities decreased further from -SAR 11,000 in FY2022G to net cash flows used in financing activities amounting to -SAR 10.3 million in FY2023G, driven by the repayment of loans totaling SAR 10.3 million during the period.

6.11.3 Mohammed and Khaled AlMajed Real Estate Company

6.11.3.1 Statement of Comprehensive Income for FY2021G, FY2022G and FY2023G for Mohammed and Khaled AlMajed Real Estate Company

Table 6.79: Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Mohammed and Khaled AlMajed Real Estate Company

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	107,437	30,324	1,000	(71.8%)	(96.7%)	(71.8%)
Cost of revenue	(59,886)	(19,557)	(633)	(67.3%)	(96.8%)	(98.9%)
Gross profit	47,551	10,767	367	(77.4%)	(96.6%)	(99.2%)
General and administrative expenses	(2,027)	(2,764)	(2,953)	36.4%	6.8%	45.7%
Selling and marketing expenses	(1,833)	(117)	-	(93.6%)	(100.0%)	(100.0%)
Other income	30	-	-	(100.0%)	N/A	N/A
Profit for the year before Zakat	43,721	7,886	(2,586)	(82.0%)	N/A	N/A

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Zakat	(5,150)	(2,178)	-	(57.7%)	(100.0%)	(100.0%)
Profit for the year	38,571	5,708	(2,586)	(85.2%)	N/A	N/A
Gain (loss) on remeasurement of defined benefit obligations	(135)	663	-	N/A	(100.0%)	N/A
Total	38,436	6,371	(2,586)	(83.5%)	N/A	N/A
As a Percentage of Revenue				%Percentage points.		
Gross profit	44.3%	35.5%	36.7%	(8.8)	1.2	(7.6)
Net profit for the year	35.9%	18.8%	(258.6%)	(17.1)	(277.4)	(294.5)

Source: Management information.

Revenue

Revenue is exclusively related to the Sales from the Completed Inventory Properties. Revenue amounted to SAR 107.5 million in FY2021G from the sale of 145 units across three projects: AlMajdah 102 (100 units), Sakan 4 (44 units), and AlMajdah 88 (one unit). Revenue decreased from SAR 107.4 million in FY2021G to SAR 30.3 million in FY2022G due to the drop in the number of units sold from 145 to 32 units, only related to the AlMajdah 102 project. Revenue further declined to SAR 1.0 million in FY2023G after the sale of the only available unit to Mohammed and Khaled AlMajed Real Estate Company in the Sakan 4 project.

Cost of Revenue

The cost of revenue consists of land and construction costs for the sold units, along with other operational expenses. The cost of revenue dropped from SAR 59.9 million in FY2021G to SAR 19.6 million in FY2022G and SAR 0.6 million in FY2023G, in line with the decline in revenue over the review period.

Gross Profit

Gross profit decreased from SAR 47.6 million in FY2021G to SAR 10.8 million in FY2022G and SAR 0.4 million in FY2023G, consistent with the decline in revenue during the period.

The gross profit margin decreased from 44.3% in FY2021G to 35.5% in FY2022G and 36.7% in FY2023G, reflecting an increase in land and construction costs compared to FY2021G.

General and Administrative Expenses

General and administrative expenses primarily relate to wages and related items, along with other expenses such as employee commissions, benefits, government fees, and certifications. These expenses amounted to SAR 2.0 million in FY2021G and increased to SAR 2.8 million in FY2022G, driven by a SAR 0.8 million rise in wages and related costs.

General and administrative expenses further increased to SAR 3.0 million in FY2023G, mainly due to a rise in maintenance and repair costs amounting to SAR 1.6 million in FY2023G (compared to SAR 0.09 million in FY2022G). This was partially offset by a SAR 1.2 million decrease in wages and related expenses due to a reduction in staff, as Mohammed and Khaled AlMajed Real Estate Company was not operating at full capacity in FY2023G.

Selling and Marketing Expenses

Selling and marketing expenses amounted to SAR 1.8 million in FY2021G, primarily related to marketing expenses during the sale of three projects. Selling and marketing expenses decreased to SAR 0.1 million in FY2022G due to reduced marketing needs after the sale of all available units. These expenses further decreased to zero in FY2023G.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.80: Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	107,437	30,324	1,000	(71.8%)	(96.7%)	(71.8%)
Cost of revenue	(59,886)	(19,557)	(633)	(67.3%)	(96.8%)	(98.9%)
Gross profit	47,551	10,767	367	(77.4%)	(96.6%)	(99.2%)
General and administrative expenses	(2,027)	(2,764)	(2,953)	36.4%	6.8%	45.7%
Selling and marketing expenses	(1,833)	(117)	-	(93.6%)	(100.0%)	(100.0%)
Depreciation	20	3	9	(85%)	227%	(31%)
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	43,741	7,889	(2,577)	(82%)	N/A	N/A
As a Percentage of Revenue					%pt.	
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	41%	26%	(258%)	(14.7)	(283.7)	(298.4)

Source: Management information.

EBITDA decreased from SAR 43.7 million in FY2021G to SAR 7.9 million in FY2022G and further to a loss of SAR 2.6 million in FY2023G, in line with the decline in revenue.

Zakat

Zakat expense decreased from SAR 5.2 million in FY2021G to SAR 2.2 million in FY2022G and to zero in FY2023G.

Net Profit

Net Profit decreased by 85.2% from SAR 38.6 million in FY2021G to SAR 5.7 million in FY2022G, mainly due to the decline in revenue from SAR 107.4 million to SAR 30.3 million during the same period. This was partially offset by a decrease in selling and marketing expenses from SAR 1.8 million to SAR 117 thousand during the period.

Net profit further declined from SAR 5.7 million in FY2022G to a loss of SAR 2.6 million in FY2023G, as Mohammed and Khaled AlMajed Real Estate Company did not operate at full capacity in FY2023G.

6.11.3.2 Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for Mohammed and Khaled AlMajed Real Estate Company

Table 6.81: Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for Mohammed and Khaled AlMajed Real Estate Company

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	1,000	-	(100.0%)
Cost of revenue	(2,382)	-	(100.0%)
Gross profit	(1,382)	-	(100.0%)
General and administrative expenses	(771)	(504)	(26.5%)
Profit for the year before Zakat	(2,153)	(504)	(76.6%)
Zakat	(2,334)	-	(100.0%)
Profit for the period	(4,488)	(504)	(88.8%)
As a Percentage of Revenue		%pt.	
Gross profit	(138.2%)	N/A	N/A
Net profit for the period	(448.8%)	N/A	N/A

Source: Management information.

Revenue

Revenue amounted to SAR 1.0 million for the Nine-Month Period Ended 30 September 2023G, related to the sale of one unit in the Sakan 4 project during the period. Mohammed and Khaled AlMajed Real Estate Company did not record any revenue during the Nine-Month Period Ended 30 September 2024G.

Cost of Revenue

Cost of revenue amounted to SAR 2.3 million for the Nine-Month Period Ended 30 September 2023G, which included the costs of sold units, maintenance costs, and other operating costs. The cost of revenue decreased to zero for the Nine-Month Period Ended 30 September 2024G.

Gross Profit

A gross loss of SAR 1.4 million was recorded for the Nine-Month Period Ended 30 September 2023G.

General and Administrative Expenses

General and administrative expenses decreased by 26.5% from SAR 771,000 for the Nine-Month Period Ended 30 September 2023G, to SAR 504,000 for the Nine-Month Period Ended 30 September 2024G, due to a reduction in salaries and employee benefits in line with a decrease in the number of employees, as the Company did not have any operations during the period.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.82: Earnings Before Interest, Taxes, Depreciation and Amortization for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	1,000	-	(100.0%)
Cost of revenue	(2,382)	-	(100.0%)
Gross profit	(1,382)	-	(100.0%)
General and administrative expenses	(771)	(504)	(26.5%)
Depreciation	7	-	(100.0%)
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	(2,146)	(504)	(76.5%)
As a Percentage of Revenue			%pt.
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	(214.62%)	N/A	N/A

Source: Management information.

The Company recorded EBITDA losses of SAR 2.1 million and SAR 0.5 million for the Nine-Month Periods Ended 30 September 2023G and 2024G, respectively.

Zakat

Zakat expenses decreased from SAR 2.1 million for the Nine-Month Period Ended 30 September 2023G to zero for the Nine-Month Period Ended 30 September 2024G, as the Group had been filing its Zakat return based on the standalone financial statements for the group during the Nine-Month Period Ended 30 September, 2023G. However, it began filing the Zakat return on a consolidated basis from 2024G onward.

Net Profit

Mohammed and Khaled AlMajed Real Estate Company recorded losses of SAR 4.5 million and SAR 0.5 million for the Nine-Month Periods Ended 30 September 2023G and 2024G, respectively, given that the Company did not have any operation during the period.

6.11.3.3 Statement of Financial Position for Mohammed and Khaled AlMajed Real Estate Company

Table 6.83: Statement of Financial Position as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G for Mohammed and Khaled AlMajed Real Estate Company

SAR 000s	As at 31 December			As at 30 September 2024G (Management information)
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Assets				
Non-current assets				
Property and equipment	12	9	-	
Total non-current assets	12	9	-	
Current assets				
Inventory of Properties	17,043	491	-	-
Trade receivables and other current assets	3,510	3,014	853	859
Amounts due from related parties	162,828	78,710	73,281	69,106
Bank balances	22,654	1,776	2,206	1,895
Total current assets	206,035	83,991	76,340	71,861
Total assets	206,048	84,001	76,340	71,861
Equity and liabilities				
Equity				
Capital	60,000	60,000	60,000	60,000
Statutory reserve	8,296	8,867	8,867	8,867
Retained earnings (accumulated losses)	(200)	5,600	3,014	2,275
Total equity	68,096	74,467	71,881	71,142
Liabilities				
Non-current liabilities				
Employee end-of-service benefit obligations	777	144	144	190
Total non-current liabilities	777	144	144	190
Current liabilities				
Trade Payables and Accrued Expenses	4,880	129	470	528
Amounts due to related parties	125,488	276	-	-
Zakat Provision	6,807	8,985	3,845	-
Total current liabilities	137,175	9,389	4,315	528
Total liabilities	137,951	9,534	4,459	718
Total equity and liabilities	206,048	84,001	76,340	71,861

Source: Management information.

Non-Current Assets

Property and Equipment

Property and equipment primarily consist of electrical devices, computers, office furniture, and vehicles. The balance of property and equipment decreased from SAR 12,000 as at 31 December 2021G, to SAR 9,000 as at 31 December 2022G, due to accumulated depreciation. The balance further declined to zero as at 31 December 2023G, and 30 September 2024G, due to full depreciation.

Current Assets

Inventory of Properties

Inventory of Properties stood at SAR 17.0 million as at 31 December 2021G, primarily related to the AlMajdah 102 project (SAR 16.6 million), which included 132 residential units ready for sale. The balance decreased to SAR 0.5 million as at 31 December 2022G, following the sale of all units in the AlMajdah 132 project, with the remaining balance associated with a single unit in the "Sakan 4" project, which was later sold in FY2023G. Accordingly, the Inventory of Properties balance was zero as at 31 December 2023G, since Mohammed and Khaled AlMajed Real Estate Company no longer held any properties for sale as at 31 December 2023G, and 30 September 2024G.

Trade Receivables and Other Current Assets

Trade receivables and other current assets consist of recoverable VAT, advance payments to suppliers, prepaid expenses, and employee advances and loans.

The balance of trade receivables and other current assets decreased from SAR 3.5 million as at 31 December 2021G, to SAR 3.0 million, driven by a reduction in recoverable VAT from SAR 2.8 million as at 31 December 2021G, to SAR 850,000 as at 31 December 2023G, and a decrease in advance payments to suppliers from SAR 611,000 to SAR 101,000 during the same period.

The balance of trade receivables and other current assets further decreased from SAR 3.0 million as at 31 December 2022G, to SAR 0.9 million as at 31 December 2023G, and 30 September 2024G.

Amounts Due from Related Parties

Amounts due from related parties decreased from SAR 162.8 million as at 31 December 2021G, to SAR 78.7 million as at 31 December 2022G, due to a reduction in amounts due from the owners.

The balance further declined from SAR 78.7 million as at 31 December 2022G, to SAR 73.3 million and SAR 69.1 million as at 31 December 2023G, and 30 September 2024G, respectively, related to amounts due from the parent company.

Bank Balances

Bank balances decreased from SAR 22.7 million as at 31 December 2021G, to SAR 1.8 million as at 31 December 2022G, due to Mohammed and Khaled AlMajed Real Estate Company providing financing to related parties (-SAR 71.6 million).

Bank balances increased to SAR 2.2 million as at 31 December 2023G due to collections from related parties.

Bank balances remained stable at SAR 1.9 million as at 30 September 2024G.

Equity

Share Capital

The share capital of Mohammed and Khaled AlMajed Real Estate Company amounted to SAR 60.0 million as at 31 December 2021G, 2022G, 2023G, and as at 30 September 2024G. The capital consists of 60,000 shares at SAR 1,000 per share.

Statutory Reserve

According to the Saudi Companies Law, Mohammed and Khaled AlMajed Real Estate Company must allocate 10% of the annual net income to the statutory reserve until it equals 30% of the share capital. This reserve is not currently distributable to the shareholders. The statutory reserve stood at SAR 8.3 million as at 31 December 2021G and increased to SAR 8.9 million as at 31 December 2022G, 2023G, and 30 September 2024G.

It should be noted that starting from January 2023G, the new Companies Law eliminates the minimum statutory reserve requirement of 30% and instead allows companies the option to create reserves based on their needs.

(Retained Earnings (Accumulated Losses

Mohammed and Khaled AlMajed Real Estate Company reported accumulated losses of SAR 200,000 as at 31 December 2021G. The balance turned into retained earnings of SAR 5.6 million as at 31 December 2022G, reflecting the Company's profits during the period. Retained earnings decreased to SAR 3.0 million as at 31 December 2023G due to losses of SAR 2.6 million during FY2023G.

Retained earnings increased further from SAR 3.0 million as at 31 December 2023G to SAR 2.3 million as at 30 September 2024G as the Company recorded a loss of SAR 1.2 million during the period.

Non-Current Liabilities

Employee End-of-Service Benefits

Employee end-of-service benefits decreased from SAR 777,000 as at 31 December 2021G to SAR 144,000 as at 31 December 2022G due to actuarial losses of SAR 663,000 in FY2022G.

The employee end-of-service benefits remained at SAR 144,000 as at 31 December 2023G.

The balance of employee end-of-service benefits increased from SAR 144,000 as at 31 December 2023G to SAR 190,000 as at 30 September 2024G.

Current Liabilities

Trade Payables and Accrued Expenses

Trade payables and accrued expenses decreased from SAR 4.9 million as at 31 December 2021G to SAR 129,000 as at 31 December 2022G due to a decrease in promissory notes of SAR 2.5 million and the payment of real estate transfer tax liabilities of SAR 2.0 million.

Trade payables and accrued expenses increased to SAR 0.5 million as at 31 December 2023G and SAR 0.6 million as at 30 September 2024G due to an increase in the real estate transfer tax liabilities of SAR 0.4 million.

Amounts Due to Related Parties

The amounts due to Related Parties decreased from SAR 125.5 million as at 31 December 2021G to SAR 276,000 as at 31 December 2022G due to a reduction in amounts payable to Dar AlMajed Real Estate of SAR 125.5 million. The balance of amounts due to related parties was zero as at 31 December 2023G and 30 September 2024G.

Zakat Provision

The Zakat provision increased from SAR 6.8 million as at 31 December 2021G to SAR 9.0 million as at 31 December 2022G.

Zakat provision decreased from SAR 9.0 million as at 31 December 2022G to SAR 3.9 million as at 31 December 2023G due to the payment of Zakat amounting to SAR 5.0 million.

The Zakat provision decreased again from SAR 3.9 million as at 31 December 2023G to zero as at 30 September 2024G due to the Company settling its dues.

6.11.3.4 Statement of Cash Flows

Table 6.84: Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

Financial Years Ended 31 December	Financial Years Ended 31 December		
	2021G	2022G	2023G
Profit for the year before Zakat	43,721	7,886	(2,586)
Adjustments to reconcile profit before Zakat to net cash flows			
Depreciation of property and equipment	20	3	9
Reversal in advance payments	-	(1,100)	-
(Reverse) / provision for losses of related parties	-	803	-
Provision of defined benefit obligations to employees	173	30	-
Total adjustments	43,914	7,621	(2,577)

Financial Years Ended 31 December	Financial Years Ended 31 December		
	2021G	2022G	2023G
Working capital adjustments:			
Inventory of Properties Under Development	-	16,552	491
Inventory of Properties	37,181	-	-
Trade receivables	3,031	3,786	(29)
Amounts due from related parties	91	27,563	7,344
Trade and other creditors	2,241	(4,751)	341
Total working capital adjustments	86,458	50,772	5,570
Paid Employees' Defined liabilities Obligations	(82)	-	-
Paid Zakat	(2,477)	-	(5,140)
Net cash flows from / (used in) operating activities	83,899	50,772	430
Financing to related parties	(68,688)	(71,650)	-
Net cash flows from / (used in) financing activities	(68,688)	(71,650)	-
Net decrease in cash and cash equivalents	15,211	(20,878)	430
Cash and cash equivalents at the beginning of the year	7,444	22,654	1,776
Cash and cash equivalents at the end of the year	22,654	1,776	2,206

Source: Management information.

According to management, the group does not prepare separate financial flow statements for each subsidiary on a quarterly basis, or even annually, so we did not present the cash flow statements for subsidiaries as at 30 September 2024G.

Net Cash Flows from / (Used in) Operating Activities

Net cash flows from operating activities decreased from SAR 83.9 million in FY2021G to net cash outflows of SAR 50.8 million in FY2022G, primarily due to a decrease in inventory from SAR 86.5 million to SAR 50.8 million, driven by the sale of units during the period.

Net cash flows from operating activities increased from a net outflow of SAR 50.8 million in FY2022G to net cash inflows of SAR 430,000 in FY2023G, mainly driven by a decrease in inventory under development from SAR 16.6 million to SAR 491,000 during the same period.

Net Cash Flows from / (Used in) Financing Activities

Net cash flows used in financing activities decreased from SAR -68.6 million in FY2021G to net cash outflows of SAR -71.7 million in FY2022G, primarily due to an increase in repayments of financing to related parties during the period.

Net cash flows from financing activities amounted to zero in FY2023G, as there were no financing activities with Related Parties during this period.

6.11.4 Hussam and Majed AlMajed Real Estate Company

6.11.4.1 Statement of Comprehensive Income for FY2021G, FY2022G and FY2023G for Hussam and Majed AlMajed Real Estate Company

Table 6.85: Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Hussam and Majed AlMajed Real Estate Company

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	189,439	-	1,430	(100.0%)	N/A	(91.3%)
Cost of revenue	(120,220)	-	-	(100.0%)	N/A	N/A
Gross profit	69,218	-	1,430	(100.0%)	N/A	(85.6%)
General and administrative expenses	(868.3)	(4,999)	(1,020)	4.1%	(79.6%)	8.4%
Selling and marketing expenses	(566.9)	-	-	(100.0%)	N/A	(100.0%)
Profit from operations	67,783	(4,999)	410	N/A	N/A	(99.4%)
Other income	487	1,427	1,953	193.0%	36.9%	100.3%
Profit for the year before Zakat	68,270	(3,572)	2,363	N/A	N/A	(96.5%)
Zakat	(5,439)	(3,744)	-	(31.2%)	(100.0%)	(100.0%)
Profit for the year	62,832	(7,315)	2,363	N/A	N/A	(96.2%)
Gain on remeasurement of employee defined benefit obligation	(695)	1,240	359	N/A	(65.5%)	N/A
Total comprehensive income for the year	62,137	(6,273)	2,227	N/A	N/A	(80.6%)
As a Percentage of Revenue					%pt.	
Gross profit	27.5%	N/A	100.0%	N/A	N/A	72.5
Net profit for the year	23.6%	N/A	162.2%	N/A	N/A	166.7

Source: Management information.

Revenue

Revenue amounted to SAR 189.4 million in FY2021G and was related to sales from the Completed Inventory Properties and land. Hussam and Majed AlMajed Real Estate Company recorded sales revenue from the Inventory of Properties amounting to SAR 181.5 million through the sale of 225 residential units, and SAR 8.0 million from the sale of land in the Al-Qairawan District in FY2021G. Revenue dropped to zero in FY2022G as Hussam and Majed AlMajed Real Estate Company did not undertake any activities during the period. Revenue amounted to SAR 1.4 million in FY2023G, related to income generated from project development.

Cost of Revenue

The cost of revenue amounted to SAR 120.2 million in FY2021G, related to the cost of sold real estate (SAR 111.3 million) and land (SAR 7.8 million). The cost of revenue was zero in FY2022G, as no revenue was recorded by the Company, and remained zero in FY2023G due to the nature of the service provided.

Gross Profit

Gross profit decreased by 100.0%, from SAR 69.2 million in FY2021G to zero in FY2022G, as Hussam and Majed AlMajed Real Estate Company did not record any revenue in FY2022G. Gross profit amounted to SAR 1.4 million in FY2023G, resulting from revenue generated from real estate development without incurring any costs for these revenue during the period.

General and Administrative Expenses

General and administrative expenses increased from SAR 0.9 million in FY2021G to SAR 5.0 million in FY2022G, mainly due to the formation of a credit loss provision of SAR 3.3 million during the period. General and administrative expenses decreased from SAR 5.0 million in FY2022G to SAR 1.0 million in FY2023G due to the absence of a credit

loss provision, where expenditures for the provision of credit losses amounted to SAR 33 million in FY2022G, compared to zero in FY2023G.

Selling and Marketing Expenses

Selling and marketing expenses amounted to SAR 0.6 million in FY2021G, primarily related to employee salaries and wages. Selling and marketing expenses were zero in FY2022G and FY2023G.

Other Income

Other income increased gradually from SAR 0.5 million in FY2021G to SAR 1.4 million in FY2022G, and again to SAR 2.0 million in FY2023G.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.86: Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	189,439	-	1,430	(100.0%)	N/A	(91.3%)
Cost of revenue	(120,220)	-	-	(100.0%)	N/A	N/A
Gross profit	69,218	-	1,430	(100.0%)	N/A	(85.6%)
General and administrative expenses	(868.3)	(4,999)	(1,020)	4.1%	(79.6%)	8.4%
Selling and marketing expenses	(566.9)	-	-	(100.0%)	N/A	(100.0%)
Profit from operations	67,783	(4,999)	410	N/A	N/A	(99.4%)
Other income	487	1,427	1,953	193.0%	36.9%	100.3%
Depreciation	-	-	59	N/A	N/A	N/A
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	68,270	(3,572)	2,422	N/A	N/A	(81%)
As a Percentage of Revenue					%pt.	
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	36%	N/A	169%	N/A	N/A	133.3

Source: Management information.

EBITDA decreased from SAR 68.3 million in FY2021G to a loss of SAR 3.6 million in FY2022G due to the absence of revenue during the period. EBITDA then increased to SAR 2.4 million in FY2023G, driven by other income of SAR 2.0 million during the period.

Zakat

Zakat expense decreased from SAR 5.4 million in FY2021G to SAR 3.7 million in FY2022G, and to zero in FY2023G, as starting from FY2023G, Zakat was calculated at the Group level.

Net Profit

Annual net profit decreased from SAR 62.8 million in FY2021G to a loss of SAR 7.3 million in FY2022G, due to the absence of revenue during the period. Net profit then rose from a loss of SAR 7.3 million in FY2022G to SAR 2.4 million in FY2023G, driven by Real estate development income and other income of SAR 2.0 million.

6.11.4.2 Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for Hussam and Majed AlMajed Real Estate Company

Table 6.87: Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for Hussam and Majed AlMajed Real Estate Company

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	-	3,731	N/A
Cost of revenue	-	-	N/A
Gross profit	-	3,731	N/A
General and administrative expenses	(6,601)	(2,812)	(57%)
Other income	2,067	242	(88%)
Profit for the year before Zakat	(4,534)	1,161	N/A
Zakat	(3,530)	-	(100.0%)
Profit for the period	(8,811)	1,161	N/A
As a Percentage of Revenue	%pt.		
Gross profit	N/A	100.0%	N/A
Net profit for the period	N/A	31%	N/A

Source: Management information.

The Company did not record any revenue during the Nine-Month Period Ended 30 September 2023G.

Revenue

Revenue amounted to SAR 3.7 million for the Nine-Month Period Ended 30 September 2024G and were related to real estate development services.

General and Administrative Expenses

Primarily relate to salaries and employee benefits

General and administrative expenses decreased by 69.6% from SAR 6.6 million in the Nine-Month Period Ended 30 September 2023G to SAR 2.8 million in the Nine-Month Period Ended 30 September 2024G, in line with the reduction in employee salaries and benefits.

Other Income

Other income decreased from SAR 2.1 million in the Nine-Month Period Ended 30 September 2023G to SAR 242 million in the Nine-Month Period Ended 30 September 2024G, and was primarily related to losses from the valuation of financial assets at fair value through profit or loss.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.88: Earnings Before Interest, Taxes, Depreciation and Amortization for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	-	3,731	N/A
Cost of revenue	-	-	N/A
Gross profit	-	3,731	N/A
General and administrative expenses	(6,601)	(2,812)	(57%)
Other income	2,067	242	(88%)
Depreciation	45	39	13%

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	(4,489)	1,200	N/A
As a Percentage of Revenue			%pt.
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	N/A	32%	N/A

Source: Management information.

The Company recorded an EBITDA loss of SAR 4.5 million for the Nine-Month Period Ended 30 September 2023G, due to the Company not recording any revenue during that period. EBITDA increased to SAR 2.2 million for the Nine-Month Period Ended 30 September 2024G, in line with revenue growth and a decrease in general and administrative expenses by SAR 3.8 million.

Zakat

The Zakat expense decreased from SAR 3.5 million in the Nine-Month Period Ended 30 September 2023G to zero in the Nine-Month Period Ended 30 September 2024G, as the Group had submitted its Zakat declaration based on the separate financial statements during the Nine-Month Period Ended 30 September 2023G, but it transitioned to submitting the Zakat declaration on a consolidated basis for the Group.

Net Profit

Net profit increased from a loss of SAR 8.1 million in the Nine-Month Period Ended 30 September 2023G to a profit of SAR 1.2 million in the Nine-Month Period Ended 30 September 2024G, in line with the growth in EBITDA during the period.

6.11.4.3 Statement of Financial Position for Hussam and Majed AlMajed Real Estate Company

Table 6.89: Statement of Financial Position as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G for Hussam and Majed AlMajed Real Estate Company

SAR 000s	As at 31 December			As at 30 September 2024G
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Assets				
Non-current assets				
Property, machines and equipment	150	167	114	75
Financial assets at FVTPL	1,646	3,430	-	-
Total non-current assets	1,796	3,597	114	75
Current assets				
Prepaid expenses and other current assets	5,865	4,092	3,838	21,387
Amounts due from related parties	70,348	141,464	155,914	134,359
Bank balances	101,133	3,541	3,575	5,069
Total current assets	177,346	149,098	163,328	160,816
Total assets	179,142	152,695	163,441	160,891
Equity and liabilities				
Equity				
Capital	15,000	15,000	15,000	15,000
Statutory reserve	4,500	4,500	4,500	4,500
Retained earnings	125,020	118,748	121,469	122,178
Total equity	144,520	138,248	140,969	141,678
Liabilities				

SAR 000s	As at 31 December			As at 30 September 2024G
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Non-current liabilities				
Employee defined benefit obligations	1,788	1,003	788	-
Total non-current liabilities	1,788	1,003	788	-
Current liabilities				
Trade and other payables and accrued expenses	9,716	7,835	16,085	19,213
Contract liabilities	-	200	200	-
Amounts due to related parties	16,049	10	-	-
Zakat Provision	7,068	5,399	5,399	-
Total current liabilities	32,833	13,444	21,684	19,213
Total liabilities	34,621	14,447	22,472	19,213
Total equity and liabilities	179,141	152,695	163,441	160,891

Source: Management information.

Non-Current Assets

Property, Machinery, and Equipment

Property, machinery, and equipment primarily consist of vehicles, computers, furniture, and fixtures.

The value of property, machinery, and equipment increased from SAR 150 thousand as at 31 December 2021G to SAR 167 thousand as at 31 December 2022G due to additions of SAR 86.9 thousand during the period.

Property and equipment decreased from SAR 167 thousand as at 31 December 2022G to SAR 114 thousand as at 31 December 2023G, mainly due to accumulated depreciation of SAR 59 thousand during the period.

The value of property and equipment further declined from SAR 114 thousand as at 31 December 2023G to SAR 75 thousand as at 30 September 2024G, due to accumulated depreciation of SAR 39 thousand during the period.

Financial Assets at Fair Value Through Profit or Loss

Hussam and Majed AlMajed Real Estate Company invested in equity instruments listed on Tadawul, including four publicly traded stocks: Elm Company, Marafiq (the Power and Water Utility Company for Jubail and Yanbu), Solutions by STC, and ACWA Power, which do not provide control or decision-making rights in the invested companies. The Company classified these investments at fair value through profit or loss, according to its business model.

The financial assets at fair value through profit or loss increased from SAR 1.6 million as at 31 December 2021G to SAR 3.4 million as at 31 December 2022G, primarily due to a new investment in Elm Company worth SAR 940 thousand, as well as an increase in the fair value of certain investments during the period.

The financial assets at fair value through profit or loss decreased from SAR 3.4 million as at 31 December 2022G to zero as at 31 December 2023G and 30 September 2024G due to the divestment of the publicly traded shares.

Current Assets

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets decreased from SAR 5.9 million as at 31 December 2021G to SAR 4.1 million as at 31 December 2022G, primarily due to a reduction in prepaid VAT by SAR 0.6 million and a decrease in prepaid expenses to the Ministry of Housing by SAR 0.2 million.

Prepaid expenses and other current assets further decreased from SAR 4.1 million as at 31 December 2022G to SAR 3.8 million as at 31 December 2023G, mainly due to a reduction in advance payments to suppliers during the period by SAR 0.3 million.

Prepaid expenses and other current assets increased from SAR 3.8 million as at 31 December 2023G to SAR 21.4 million as at 30 September 2024G, due to an increase in advance payments made to suppliers during the period.

Amounts Due from Related Parties

Amounts due from Related Parties increased from SAR 70.3 million as at 31 December 2021G to SAR 141.5 million as at 31 December 2022G, mainly due to an increase in amounts due from Dar AlMajed Real Estate Company ("Parent Company") by SAR 136.6 million.

Amounts due from related parties increased from SAR 141.5 million as at 31 December 2022G to SAR 155.9 million as at 31 December 2023G, driven by an increase in amounts due from Dar AlMajed Real Estate Company ("Parent Company") by SAR 14.4 million.

Amounts due from related parties decreased from SAR 155.9 million as at 31 December 2023G to SAR 134.4 million as at 30 September 2024G due to partial collections during the period.

Bank Balances

Bank balances decreased from SAR 101.1 million as at 31 December 2021G to SAR 3.5 million as at 31 December 2022G, primarily due to the settlement of amounts due to Related Parties for financing (SAR 62.4 million) and dividend payments for previous years (SAR 62.3 million).

Bank balances remained stable at SAR 3.5 million as at 31 December 2022G and FY2023G.

Bank balances increased from SAR 3.6 million as at 31 December 2023G to SAR 5.1 million as at 30 September 2024G, in line with a decrease in amounts due from Related Parties, and an increase in amounts payable to Related Parties, an increase in trade payables, other payables, and accrued expenses during the period.

Equity

Share Capital

The authorized share capital of Hussam and Majed AlMajed Real Estate Company as at 31 December 2021G, 2022G, 2023G consists of 30,000 shares, each with a value of SAR 500. The total share capital amounted to SAR 15.0 million as at 31 December 2021G, 2022G, 2023G, and 30 September 2024G.

Statutory Reserve

In accordance with the Saudi Arabian Companies Law, Hussam and Majed AlMajed Real Estate Company is required to allocate at least 10% of its annual net income to the statutory reserve until this reserve reaches 30% of its share capital. Since this requirement has been met, the Company has decided to cease making such allocations. The statutory reserve is not distributable to the shareholders in Hussam and Majed AlMajed Real Estate Company. The statutory reserve amounted to SAR 4.5 million as at 31 December 2021G, 2022G, 2023G, and 30 September 2024G.

It is worth noting that starting in January 2023G, the new Companies Law removed the 30% minimum statutory reserve requirement, giving companies the option to establish statutory reserves as needed.

Retained Earnings

Retained earnings decreased from SAR 125.4 million as at 31 December 2021G to SAR 118.7 million as at 31 December 2022G due to the Company recording a loss of SAR 7.3 million during the period.

Retained earnings then increased to SAR 121.5 million as at 31 December 2023G, in line with Hussam and Majed AlMajed Real Estate Company achieving profits of SAR 2.7 million during the period.

Retained earnings increased from SAR 121.5 million as at 31 December 2023G to SAR 122.2 million as at 30 September 2024G due to profits by the Company recorded during the period.

Non-Current Liabilities

Employee Defined Benefit Obligations

Hussam and Majed AlMajed Real Estate Company manages an unfunded employee end-of-service benefit program in accordance with Saudi Arabian labor regulations. Provisions for the program's benefits are made based on actuarial recommendations using the projected unit credit method.

Employee defined benefit obligations decreased from SAR 1.8 million as at 31 December 2021G to SAR 1.0 million as at 31 December 2022G due to recognizing actuarial gains of SAR 1.0 million.

The obligations further decreased to SAR 0.8 million as at 31 December 2023G, with actuarial gains amounting to SAR 0.4 million during the period.

Employee defined benefit obligations decreased to zero as at 30 September 2024G due to the settlement of obligations during the period.

Current Liabilities

Trade and Other Payables and Accrued Expenses

The balance of trade and other payables and accrued expenses gradually decreased from SAR 9.7 million as at 31 December 2021G to SAR 7.8 million as at 31 December 2022G, primarily due to a SAR 2.9 million decrease in trade payables.

The balance then increased to SAR 16.1 million as at 31 December 2023G, due to a SAR 2.6 million rise in trade payables and a SAR 4.3 million increase in accrued expenses.

The balance of trade and other payables and accrued expenses increased from SAR 16.1 million as at 31 December 2023G to SAR 19.0 million as at 30 September 2024G, due to a SAR 11.0 million increase in trade payables during the period.

Contract Liabilities

Contract liabilities amounted to SAR 200,000 as at 31 December 2022G and 2023G, related to advance payments from customers of Hussam and Majed AlMajed Real Estate Company.

Contract liabilities decreased from SAR 200,000 as at 31 December 2023G to zero as at 30 September 2024G.

Amounts Due to Related Parties

Amounts due to related parties decreased from SAR 16.0 million as at 31 December 2021G to SAR 10,000 as at 31 December 2022G, driven by a reduction in amounts owed to Dar AlMajed Real Estate Company of SAR 16.0 million during the period.

Amounts due to related parties were zero as at 31 December 2023G and 30 September 2024G.

Zakat Provision

The Zakat provision decreased from SAR 7.1 million as at 31 December 2021G to SAR 5.4 million as at 31 December 2022G due to the payment of SAR 5.4 million during the year. The Zakat provision remained at SAR 5.4 million as at 31 December 2023G.

The Zakat provision decreased from SAR 5.4 million as at 31 December 2023G to zero as at 30 September 2024G.

6.11.4.4 Statement of Cash Flows for Hussam and Majed AlMajed Real Estate Company

Table 6.90: Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Hussam and Majed AlMajed Real Estate Company

SAR 000s	Financial Years Ended 31 December		
	2021G (Management information)	2022G (Management information)	2023G (Management information)
Profit for the year before Zakat	68,270	(3,571)	2,363
Adjustments to reconcile profit before Zakat to net cash flows			
Depreciation of property and equipment	55	56	59
Loss / (gain) from the sale of property and equipment	-	(16)	
Gains from the revaluation of financial assets at FVTPL	(391)	(1,346)	(1,861)
Share of results of an Associate	-	213	
(Reverse) / maintenance provision	-	640	
(Reverse) / provision for losses of related parties	-	3,055	
Provision of defined benefit obligations to employees	627	382	190
Total adjustments	68,562	(588)	751
Working capital adjustments:			
Inventory of Properties Under Development	105,493		
Trade receivables	-	1,559	254
Related parties - net	(72,549)	34,594	(14,459)

SAR 000s	Financial Years Ended 31 December		
	2021G (Management information)	2022G (Management information)	2023G (Management information)
Prepaid expenses and other current assets	7,862		
Accumulated expenses	-	595	5,612
Trade and other creditors	1,740	(2,916)	2,637
Total working capital adjustments	111,108	33,245	(5,204)
Paid Employees' Defined liabilities Obligations	-	(125)	(46)
Paid Zakat	(2,192)	(5,413)	
Net cash flows from / (used in) operating activities	108,916	27,707	(5,251)
Addition to property and equipment	(27)	(87)	(6)
Purchase of financial assets at FVTPL	(1,255)	(439)	
Proceeds from the sale of financial assets at FVTPL	-	30	5,291
Net cash flows from / (used in) investing activities	(1,282)	(495)	5,285
Financing from related parties	(16,977)	(62,406)	
Distribution of Dividends		(62,397)	
Net cash flows from / (used in) financing activities	(16,977)	(124,803)	-
Net decrease in cash and cash equivalents	90,657	(97,592)	34
Cash and cash equivalents at the beginning of the year	10,476	101,133	3,541
Cash and cash equivalents at the end of the year	101,133	3,541	3,575

Source: Management information.

According to management, the group does not prepare separate financial flow statements for each subsidiary on a quarterly basis, or even annually, so we did not present the cash flow statements for subsidiaries as at 30 September 2024G.

Net Cash Flows from / (Used in) Operating Activities

Net cash flows from operating activities decreased from SAR 108.9 million in FY2021G to net cash flows used in operating activities amounting to SAR -27.7 million in FY2022G, primarily due to a decrease in development properties from SAR 105.5 million to zero and a drop in the Company's profit for the year from SAR 68.3 million to a loss of SAR -3.6 million, reflecting a decline in Hussam and Majed Real Estate Company's revenue from SAR 69.2 million to zero during the period. This was partially offset by cash inflows from related parties amounting to SAR 33.2 million in FY2022G, compared to SAR (72.5) million in FY2021G.

Net cash flows from operating activities further decreased to SAR (5.3) million in FY2023G, mainly driven by an increase in revenue during this period, and a decrease in related party balances from SAR 33.2 million to SAR -5.2 million over the same period.

Net Cash Flows from / (Used in) Investing Activities

Net cash flows from investing activities improved from SAR (1.3) million used in investing activities in FY2021G to SAR -495 thousand in FY2022G due to the purchase of financial assets at fair value through profit or loss amounting to SAR 439 thousand during the period.

Net cash flows used in investing activities increased to SAR 5.3 million in FY2023G, due to the rise in proceeds from the sale of financial assets at fair value through profit or loss, from SAR 30 thousand to SAR 5.3 million during the period.

Net Cash Flows from / (Used in) Financing Activities

Net cash flows from financing activities decreased from SAR -17.0 million in FY2021G to SAR -124.8 million in FY2022G due to dividend distributions amounting to SAR 62.4 million during the period, as well as repayment of balances owed to related parties.

Net cash flows from financing activities amounted to zero in FY2023G.

6.11.5 Jadat AlShat'e Real Estate Company

6.11.5.1 Statement of Comprehensive Income for FY2021G, FY2022G and FY2023G for Jadat AlShat'e Real Estate Company

Table 6.91: Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Jadat AlShat'e Real Estate Company

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	-	90,441	-	N/A	(100.0%)	N/A
Cost of revenue	-	(81,124)	-	N/A	(100.0%)	N/A
Gross profit	-	9,317	-	N/A	(100.0%)	N/A
General and administrative expenses	(43)	(493)	290	1046.5%	N/A	N/A
Profit for the year before Zakat	(43)	8,825	290	N/A	(96.7%)	N/A
Zakat	(11)	(243)	(246)	2109.1%	1.2%	2136.4%
Profit for the period	(55)	8,581	43	N/A	(99.5%)	N/A
As a Percentage of Revenue				%pt.		
Gross profit	N/A	10.3%	N/A	N/A	N/A	N/A
Net profit for the period	N/A	9.5%	N/A	N/A	N/A	N/A

Source: Management information.

Revenue

Jadat AlShat'e Real Estate Company's revenue is exclusively related to land sales. The Company did not record any revenue in FY2021G and FY2023G. However, in FY2022G, Jadat AlShat'e Real Estate Company generated revenue of SAR 90.4 million from the sale of land in Malqa AlMousa, with a total area of 13.9 thousand square meters.

Cost of Revenue

The cost of revenue for Jadat AlShat'e Real Estate Company was SAR 81.1 million in FY2022G, representing the cost of the land in Malqa AlMousa that was sold during this period.

Gross Profit

Gross profit amounted to SAR 9.3 million in FY2022G, while it was zero in the other periods (FY2021G and FY2023G) as the Company did not record any revenue during these periods. Jadat AlShat'e Real Estate Company posted a gross margin of 10.3% in FY2022G.

General and Administrative Expenses

General and administrative expenses primarily relate to expected credit loss provisions, professional fees, and other costs. These expenses increased from SAR 43 thousand in FY2021G to SAR 493 thousand in FY2022G, mainly due to the provision for expected credit losses (SAR 422.2 thousand) and professional fees amounting to SAR 70.0 thousand.

In FY2023G, the provision for expected credit losses was reversed by SAR 344.9 thousand, in addition to a decrease in professional fees by SAR 15.8 thousand during the period.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.92: Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	-	90,441	-	N/A	(100.0%)	N/A
Cost of revenue	-	(81,124)	-	N/A	(100.0%)	N/A
Gross profit	-	9,317	-	N/A	(100.0%)	N/A
General and administrative expenses	(43)	(493)	290	1046.5%	N/A	N/A
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	(43)	8,825	290	N/A	(96.7%)	N/A
As a Percentage of Revenue					%pt.	
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	N/A	10%	N/A	N/A	N/A	N/A

Source: Management information.

The Company recorded an EBITDA loss of SAR 43 thousand in FY2021G, which turned into a profit of SAR 8.8 million in FY2022G. However, the profit decreased to SAR 0.3 million in FY2023G, in line with the gross profit.

Zakat

Zakat increased from SAR 11 thousand in FY2021G to SAR 243 thousand in FY2022G and SAR 246 thousand in FY2023G, in line with the profits generated by Jadat AlShat'e Real Estate in FY2022G.

Net Profit

Jadat AlShat'e Real Estate Company posted a loss of SAR 55 thousand in FY2021G due to the absence of revenue during the period. The Company turned this loss into a profit of SAR 8.6 million in FY2022G, driven by a gross profit of SAR 9.3 million. However, the net profit decreased to SAR 43 thousand in FY2023G, despite the lack of revenue during this period, due to the reversal of the expected credit loss provision.

6.11.5.2 Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G for Jadat AlShat'e Real Estate Company

Table 6.93: Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 30 September 2024G for Jadat AlShat'e Real Estate Company

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	-	-	N/A
Cost of revenue	-	-	N/A
Gross profit	-	-	N/A
General and administrative expenses	(2,782)	(30)	(99%)
Profit for the year before Zakat	(2,782)	(30)	N/A
Zakat	(177)	-	N/A
Profit for the period	(2,959)	(30)	(99%)
As a Percentage of Revenue			%pt.
Gross profit	N/A	N/A	N/A
Net profit for the period	N/A	N/A	N/A

Source: Management information.

General and Administrative Expenses

General and administrative expenses amounted to SAR 2.8 million during the Nine-Month Period Ended 30 September 2023G, primarily related to professional fees and other expenses, which were reversed at the end of FY2023G. The Company did not record any general expenses for the Nine-Month Period Ended 30 September 2024G.

Zakat

Zakat decreased from SAR 177 thousand in the Nine-Month Period Ended 30 September 2023G to zero in the Nine-Month Period Ended 30 September 2024G. Previously, the group submitted its Zakat declaration based on the individual financial statements for the Nine-Month Period Ended 30 September 2023G, whereas it now submits its Zakat declaration on a consolidated basis.

Net Profit

The Company recorded losses amounting to SAR 30,000 in the Nine-Month Period Ended 30 September 2023G.

6.11.5.3 Statement of Financial Position for Jadat AlShat'e Real Estate Company

Table 6.94: Statement of Financial Position as at 31 December 2021G, 2022G, 2023G as at 30 September 2024G for Jadat AlShat'e Real Estate Company

SAR 000s	As at 31 December			As at 30 September 2024G (Management information)
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Assets				
Current assets				
Inventory of Properties	81,124	-	-	-
Advance payments and other credit balances	6,466	6,125	54	62
Amounts due from related parties	400	3,024	9,374	8,826
Cash and cash equivalent	180	180	100	180
Total current assets	88,170	9,329	9,528	9,067
Total assets	88,170	9,329	9,528	9,067
Equity and liabilities				
Equity				
Capital	500	500	500	500
Statutory reserve	-	150	150	150
Retained earnings/losses	(70)	8,361	8,405	8,375
Total equity	430	9,011	9,055	9,025
Liabilities				
Current liabilities				
Other credits balances	32	74	63	41
Amounts due to related parties	87,697	-	-	-
Zakat	11	243	410	1
Total current liabilities	87,740	318	473	42
Total liabilities	87,740	318	473	42
Total equity and liabilities	88,170	9,329	9,528	9,067

Source: Management information.

Inventory of Properties

The Inventory of Properties balance amounted to SAR 81.1 million as at 31 December 2021G, related to land in Malqa AlMousa. The balance decreased to zero as at 31 December 2022G, 2023G, and 30 September 2024G, following the sale of the land during FY2022G.

Prepayments and Other Receivables

Prepayments and other receivables consist of recoverable VAT and prepayments for land purchases.

The balance decreased from SAR 6.5 million as at 31 December 2021G to SAR 6.1 million as at 31 December 2022G, due to the creation of an expected credit loss provision amounting to SAR 0.3 million during the period.

The balance further declined to SAR 54,000 and SAR 62,000 as at 31 December 2023G and 30 September 2024G, respectively.

Amounts Due from Related Parties

Amounts due from related parties increased from SAR 400,000 as at 31 December 2021G to SAR 3.0 million, primarily due to additional receivables from Dar AlMajed Real Estate Company amounting to SAR 2.7 million.

The balance further rose to SAR 9.4 million as at 31 December 2023G and SAR 8.8 million as at 30 September 2024G, mainly due to higher receivables from AlRaeah Real Estate Company (SAR 6.4 million).

Cash and Cash Equivalents

Cash and cash equivalents remained stable at SAR 180,000 as at 31 December 2021G and 2022G, before decreasing to SAR 100,000 as at 31 December 2023G, reflecting the increase in amounts due from related parties during the period.

Cash and cash equivalents rose from SAR 100,000 as at 31 December 2023G to SAR 180,000 as at 30 September 2024G, in line with the settlement of amounts due from related parties during the period.

Equity

Capital

The capital of Jadat AlShat'e Real Estate Company amounted to SAR 500,000 as at 31 December 2021G, 2022G, 2023G, and 30 September 2024G, consisting of 500 shares with a value of SAR 100 each.

Statutory Reserve

In accordance with the Saudi Companies Law, Jadat AlShat'e Real Estate Company is required to transfer 10% of its annual net income to the statutory reserve until this reserve reaches 30% of its capital. This reserve is currently not distributable to the shareholders of Jadat AlShat'e Real Estate Company. The statutory reserve stood at SAR 150,000 as at 31 December 2022G, FY2023G, and 30 September 2024G.

It is worth noting that, starting from January 2023G, the new Companies Law eliminates the minimum statutory reserve requirement of 30% and instead gives companies the option to create statutory reserves as needed.

(Retained Earnings / (Accumulated Losses

Accumulated losses amounted to SAR 70,000 as at 31 December 2021G, turning into retained earnings of SAR 8.4 million as at 31 December 2022G, driven by the Company's net profit of SAR 8.6 million during the period. The retained earnings balance remained at SAR 8.4 million as at 31 December 2023G and 30 September 2024G.

Current Liabilities

Trade and Other Payables and Accrued Expenses

Trade and other payables and accrued expenses relate to outstanding payables. The balance increased from SAR 32,000 as at 31 December 2021G to SAR 74,000 as at 31 December 2022G, in line with the growth in Jadat AlShat'e Real Estate Company's operations.

The balance slightly decreased to SAR 63,000 as at 31 December 2023G, and further to SAR 41,000 as at 30 September 2024G, due to a reduction in accrued expenses during the period.

Amounts Due to Related Parties

Amounts due to related parties amounted to SAR 87.7 million as at 31 December 2021G, related to Dar AlMajed Real Estate Company ("the **Parent Company**") and AlDar Investment Fund. The balance was reduced to zero as at 31 December 2022G, 2023G, and 30 September 2024G.

It is important to note that Dar AlMajed Real Estate Company manages Jadat AlShat'e Real Estate Company operationally. Since no significant activities took place in FY2022G, any expenses incurred by Dar AlMajed Real Estate Company were recorded in Jadat AlShat'e Real Estate Company's accounts.

Zakat

The Zakat provision increased from SAR 11,000 as at 31 December 2021G to SAR 243,000 as at 31 December 2022G and SAR 410,000 as at 31 December 2023G. Jadat AlShat'e Real Estate Company has submitted its Zakat returns to the Zakat, Tax, and Customs Authority (ZATCA) for all years up to FY2021G, and no assessments have been issued by ZATCA yet.

The Zakat provision decreased from SAR 410,000 as at 31 December 2023G to SAR 1,000 as at 30 September 2024G.

6.11.5.4 Statement of Cash Flows for Jadat AlShat'e Real Estate Company

Table 6.95: Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Jadat AlShat'e Real Estate Company

	Financial Years Ended 31 December		
	2021G (Management information)	2022G (Management information)	2023G (Management information)
Profit for the year before Zakat	(43)	8,825	290
Working capital adjustments:			
Inventory of Properties	(81,124)	81,124	N/A
Related parties - net	87,297	(90,398)	(6,350)
Prepaid expenses and other current assets	(6,466)	(4)	6,416
Provision of expected credit losses	-	422	(345)
Trade and other creditors	24	43	(11)
Total working capital adjustments	(313)	11	(1)
Paid Zakat	(7)	(11)	(80)
Net cash flows from / (used in) operating activities	(320)	(0)	(81)
Net decrease in cash and cash equivalents	(320)	(0)	(80)
Cash and cash equivalents at the beginning of the year	500	180	180
Cash and cash equivalents at the end of the year	180	180	100

Source: Management information.

According to management, the group does not prepare separate financial flow statements for each subsidiary on a quarterly basis, or even annually, so we did not present the cash flow statements for subsidiaries as at 30 September 2024G.

Net Cash Flows from / (used in) Operating Activities

Net cash flows from operating activities decreased from SAR 320,000 in FY2021G to zero in FY2022G, primarily due to a reduction in Inventory of Properties from SAR 176.2 million to SAR -7.4 million, driven by a decrease in amounts paid to related parties by SAR -90.4 million in FY2022G.

Net cash flows from operating activities increased to SAR -81,000 in FY2023G, primarily driven by an increase in prepaid expenses and other current assets by SAR 6.4 million, offset by the amount paid to related parties amounting to SAR -6.4 million during the same period.

6.11.6 AlRaeah Real Estate Company

6.11.6.1 Statement of Comprehensive Income for FY2021G, FY2022G and FY2023G for AlRaeah Real Estate Company

Table 6.96: Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for AlRaeah Real Estate Company

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	127,455	236,208	208,204	85.3%	(11.9%)	27.8%
Cost of revenue	(74,996)	(203,942)	(130,390)	171.9%	(36.1%)	31.9%
Gross profit	52,460	32,265	77,814	(38.5%)	141.2%	21.8%
General and administrative expenses	(45)	(1,305)	(2,706)	2800.0%	107.4%	675.5%
Profit from operations	52,414	30,960	75,108	(40.9%)	142.6%	19.7%
Other income	-	-	426	N/A	N/A	N/A
Profit for the year before Zakat	52,414	30,960	75,534	(40.9%)	143.3%	20.0%
Zakat	(342)	(2,086)	(995)	509.9%	(52.3%)	70.6%
Profit for the year	52,072	28,873	74,538	(42.7%)	150.1%	19.6%
As a Percentage of Revenue	%pt.					
Gross profit	41.2%	13.7%	37.4%	(27.5)	23.7	(3.8)
Net profit for the year	40.9%	12.2%	35.8%	(28.6)	23.6	(5.1)

Source: Management information.

Revenue

The revenue of AlRaeah Real Estate Company is related to the Sales from the Completed Inventory Properties, gains from real estate investment valuations, revenue from the sale of investment Inventory of Properties, land sales, and other income related to rental and maintenance income. Revenue amounted to SAR 127.5 million during FY2021G, primarily due to (i) SAR 74.1 million from land sales, with three plots sold during the period, including land in AlNarjis, Al Mughrizat, and Al Izdihar, (ii) SAR 38.8 million in gains from the valuation of real estate investments related to land in Al Rimal, and (iii) SAR 88.7 million from the sale of 17 residential units from AlMajdiah 113 project.

Revenue increased by 85.3% from SAR 127.5 million in FY2021G to SAR 236.2 million in FY2022G, driven by (i) an increase in land sales revenue from SAR 74.1 million to SAR 153.3 million due to the sale of six plots during the period, including land in AlNarjis (SAR 73.6 million), Qasr Hittin (SAR 25.0 million), Hittin (SAR 15.2 million), and three plots in Al Rimal (SAR 39.6 million). It should be noted that the land sales in Al Rimal were classified as revenue from the sale of investment Inventory of Properties upon consolidation. Additionally, there was an increase in sales revenue from the Completed Inventory Properties from SAR 14.5 million to SAR 73.7 million due to the increase in the number of residential units sold from 17 to 79 units during the year. This was partly offset by a decrease in gains from real estate investment valuations from SAR 38.8 million to SAR 9.2 million during the period.

Revenue decreased by 11.9% from SAR 236.2 million in FY2022G to SAR 208.2 million in FY2023G, mainly due to a decline in land sales revenue from SAR 153.3 million to SAR 8.1 million, as the Company sold a smaller land area of 2.3 thousand square meters during FY2023G, compared to 20.8 thousand square meters in FY2022G. This was partly offset by an increase in sales revenue from the Completed Inventory Properties by SAR 58.6 million and a rise in gains from real estate investment valuations from SAR 9.2 million to SAR 52.3 million during the period.

Cost of Revenue

The cost of revenue primarily relates to the cost of land sales and the cost of selling Completed Inventory Properties. The cost of revenue increased by 171.9% from SAR 75.0 million in FY2021G to SAR 203.9 million in FY2022G, primarily due to the rise in land sales costs from SAR 62.6 million in FY2021G to SAR 145.7 million in FY2022G, in line with the increase in land sales revenue and rising land prices during the period. Additionally, there was an increase in the cost of revenue from the sale of completed residential Inventory of Properties from SAR 12.4 million in FY2021G to SAR 58.3 million in FY2022G.

The cost of revenue decreased by 36.1% from SAR 204.0 million in FY2022G to SAR 130.4 million in FY2023G, mainly due to the decline in land sales costs from SAR 145.7 million in FY2022G to SAR 7.1 million in FY2023G, in line with the decrease in land sales revenue.

Gross Profit

Gross profit decreased by 38.5% from SAR 52.5 million in FY2021G to SAR 32.3 million in FY2022G, due to the increase in the cost of revenue driven primarily by the rise in land prices, which were exceptionally low during FY2021G. As a result, the gross profit margin as a percentage of revenue declined from 41.2% to 13.7% during this period.

Gross profit increased by 141.0% from SAR 32.3 million in FY2022G to SAR 77.8 million in FY2023G, primarily due to gains from the valuation of real estate investments amounting to SAR 52.3 million, along with an increase in the number of units sold, which led to a rise in revenue from the sale of completed project inventory. As a result, the gross profit margin increased from 13.7% in FY2022G to 37.4% in FY2023G.

General and Administrative Expenses

General and administrative expenses rose from SAR 45 thousand in FY2021G to SAR 1.3 million in FY2022G due to the creation of a credit loss provision amounting to SAR 1.2 million during the period.

General and administrative expenses increased from SAR 1.3 million in FY2022G to SAR 2.7 million in FY2023G, primarily due to government expenses related to registration and licensing fees paid to governmental authorities, which amounted to SAR 3.0 million in FY2023G. Additionally, there was a reversal of the expected credit loss provision amounting to SAR 1.2 million during the period.

Other Income

Other income amounted to SAR 426 thousand, related to the insurance deposit resulting from a customer not completing a purchase.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Table 6.97: Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	127,455	236,208	208,204	85.3%	(11.9%)	27.8%
Cost of revenue	(74,996)	(203,942)	(130,390)	171.9%	(36.1%)	31.9%
Gross profit	52,460	32,265	77,814	(38.5%)	141.2%	21.8%
General and administrative expenses	(45)	(1,305)	(2,706)	2800.0%	107.4%	675.5%
Profit from operations	52,414	30,960	75,108	(40.9%)	142.6%	19.7%
Other income	-	-	426	N/A	N/A	N/A
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	52,414	30,960	75,534	(40.9%)	143.3%	20.0%
As a Percentage of Revenue					%pt.	
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	41%	13%	36%	(28.0)	23.2	(4.8)

Source: Management information.

EBITDA decreased from SAR 52.4 million in FY2021G to SAR 31.0 million in FY2022G, and then increased again to SAR 77.8 million in FY2023G, in line with the movement in gross profit.

Zakat

Zakat expense increased from SAR 0.3 million in FY2021G to SAR 2.1 million in FY2022G, and then decreased to SAR 1.0 million in FY2023G.

Net Profit

Net Profit decreased from SAR 52.1 million in FY2021G to SAR 28.9 million in FY2022G, and then rose again to SAR 74.5 million in FY2023G, consistent with the movement in EBITDA during the period.

6.11.6.2 Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for AlRaeah Real Estate Company

Table 6.98: Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for AlRaeah Real Estate Company

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	67,627	404,645	498.3%
Cost of revenue	(39,441)	(343,188)	770.1%
Gross profit	28,186	61,458	118.0%
General and administrative expenses	(709)	(278)	(60.8%)
Selling and marketing expenses	-	(50)	N/A
Profit from operations	27,477	61,130	122.5%
Other income	-	69	N/A
Profit for the year before Zakat	27,477	61,199	122.7%
Zakat	(793)	-	(100%)
Profit for the period	26,684	61,199	
As a Percentage of Revenue			%pt.
Gross profit	41.7%	15.2%	(26.5)
Net profit for the period	39.5%	15.1%	(24.3)

Source: Management information.

Revenue

Revenue increased by 498.3% from SAR 67.7 million in the Nine-Month Period Ended 30 September 2023G to SAR 404.6 million in the Nine-Month Period Ended 30 September 2024G, mainly driven by an increase of the revenue from the sale of residential units as a result of the increase of number of sold units, from 41 units related to the AlMajdiah 136 and 138 projects to 381 units across five major projects. Additionally, the average price per square meter remained stable during the period.

Cost of Revenue

The cost of revenue rose by 770.1%, from SAR 39.4 million in the Nine-Month Period Ended 30 September 2023G to SAR 343.2 million in the Nine-Month Period Ended 30 September 2024G, in line with the increase in the number of units sold from 41 to 381, in addition to an increase of SAR 400 in the average square meter cost during the period.

Gross Profit

Gross profit increased by 118.0%, from SAR 39.4 million in the Nine-Month Period Ended 30 September 2023G to SAR 61.5 million in the Nine-Month Period Ended 30 September 2024G, reflecting the Company's operational growth.

General and Administrative Expenses

General and administrative expenses decreased from SAR 709 thousand in the Nine-Month Period Ended 30 September 2023G to SAR 278 thousand in the Nine-Month Period Ended 30 September 2024G, as a result of the decrease of professional expenses.

Selling and Marketing Expenses

Selling and marketing expenses amounted to SAR 50 thousand in the Nine-Month Period Ended 30 September 2024G.

Other Income

Other income reached SAR 69 thousand in the Nine-Month Period Ended 30 September 2024G, related to the refund of non-due government fees.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)

Table 6.99: Earnings Before Interest, Taxes, Depreciation and Amortization for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	67,627	404,645	498.3%
Cost of revenue	(39,441)	(343,188)	770.1%
Gross profit	28,186	61,458	118.0%
General and administrative expenses	(709)	(278)	(60.8%)
Selling and marketing expenses	-	(50)	N/A
Other income	-	69	N/A
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	27,477	61,199	122.7%
As a Percentage of Revenue			%pt.
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	40.6%	15.1%	(25.5)

Source: Management information.

EBITDA increased from SAR 27.5 million in the Nine-Month Period Ended 30 September 2023G to SAR 61.2 million in the Nine-Month Period Ended 30 September 2024G, driven by the rise in gross profit during the period.

Zakat

Zakat expenses decreased from SAR 793 thousand in the Nine-Month Period Ended 30 September 2023G to zero in the Nine-Month Period Ended 30 September 2024G. Previously, the group filed Zakat declarations based on separate financial statements for the group during the Nine-Month Period Ended 30 September 2023G, but it now submits its Zakat declaration on a consolidated basis.

Net Profit

Net Profit increased by 129.3%, from SAR 26.7 million in the Nine-Month Period Ended 30 September 2023G to SAR 61.2 million in the Nine-Month Period Ended 30 September 2024G.

6.11.6.3 Statement of Financial Position for AlRaeah Real Estate Company

Table 6.100: Statement of Financial Position as at 31 December 2021G, 2022G, 2023G, and as at 30 September 2024G for AlRaeah Real Estate Company

SAR 000s	As at 31 December			As at 30 September 2024G (Management information)
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Assets				
Non-current assets				
Investment Properties	101,553	79,533	164,939	161,037
Properties Under Development	154,529	361,318	522,258	691,973
Total non-current assets	256,082	440,851	687,197	853,009
Current assets				
Inventory of Properties	133,120	232,248	246,296	507,538
Trade receivables and other balance receivables	36,198	18,454	55,299	78,911
Amounts due from related parties	-	-	3	-
Cash and Cash Equivalents	14,714	16,727	29,054	111,969
Total current assets	184,031	267,429	330,651	698,419
Total assets	440,114	708,279	1,017,848	1,551,428
Equity and liabilities				
Equity				
Capital	100	100	100	100
Statutory reserve	30	30	30	30
Retained earnings	42,119	70,993	145,531	206,999
Total equity	42,249	71,123	145,661	207,129
Liabilities				
Current liabilities				
Trade payables and others	161,754	154,119	183,422	147,687
Contract liabilities	-	20	60,541	64,915
Amounts due to related parties	235,768	480,589	628,224	1,131,698
Zakat payable	342	2,429	-	-
Total current liabilities	397,864	637,157	872,187	1,344,299
Total liabilities	397,864	637,157	872,187	1,344,299
Total equity and liabilities	440,114	708,279	1,017,848	1,551,428

Source: Management information.

Non-Current Assets

Investment Properties

The value of investment properties amounted to SAR 164.9 million as at 31 December 2023G, related to three investment properties held for investment and rental purposes: AlMajdiah 131 (SAR 139.9 million), Al Uyaynah 141 (SAR 18.0 million), and the Qassim Land (SAR 7.0 million).

The balance of investment properties decreased from SAR 101.6 million as at 31 December 2021G to SAR 79.5 million as at 31 December 2022G due to the sale of land in Rimal worth SAR 35.2 million, partially offset by a revaluation adjustment of SAR 9.2 million.

Investment properties increased from SAR 79.5 million as at 31 December 2022G to SAR 164.9 million as at 31 December 2023G, due to the addition of (i) AlMajdiah 131 project (SAR 139.9 million) transferred from the Inventory of Properties, (ii) Al Uyaynah 141 (SAR 18.0 million), and (iii) the Qassim Land (SAR 7.0 million). This also includes

revaluation adjustments of SAR 52.3 million, partially offset by the transfer of land in Rimal to Related Parties for settlement of Group payables.

Investment properties remained stable at SAR 161.1 million as at 30 September 2024G.

Properties Under Development

The Inventory of Properties Under Development was SAR 154.6 million as at 31 December 2021G, consisting of six projects. This balance rose to SAR 361.3 million as at 31 December 2022G, related to seven projects under development.

The balance further increased to SAR 522.3 million as at 31 December 2023G, corresponding to seven new, larger-scale development projects.

The Inventory of Properties Under Development increased from SAR 522.3 million as at 31 December 2023G to SAR 296.0 million as at 30 September 2024G, in relation to six projects including mainly AlMajdiah 174 and AlMajdiah 178.

Current Assets

Inventory of Properties

The Inventory of Properties is comprised of properties ready for sale.

The Inventory of Properties ready for sale increased from SAR 133.1 million as at 31 December 2021G to SAR 232.3 million as at 31 December 2022G, primarily due to the additions in projects such as AlMajdiah 142 and AlMajdiah 146.

The inventory further increased to SAR 246.3 million as at 31 December 2023G, following the completion of new projects, including AlMajdiah 129 (SAR 112.3 million).

However, the Inventory of Properties increased from SAR 246.3 million as at 31 December 2023G to SAR 507.5 million as at 30 September 2024G, after the completion of several projects, reclassified from Properties under Development to Inventory of Properties during the period.

Trade Receivables and Other Receivables

Trade receivables and other receivables are related to trade debtors, VAT receivables, and advance payments to suppliers for purchasing development properties. The balance decreased from SAR 36.2 million as at 31 December 2021G to SAR 18.5 million as at 31 December 2022G, due to a reduction in advance payments to suppliers for development properties, from SAR 35.7 million to SAR 1.0 million, related to an advance to contractors for Project 124.

The balance of trade receivables and other receivables increased to SAR 55.3 million as at 31 December 2023G, mainly due to an increase in VAT receivables from SAR 10.9 million to SAR 32.8 million during the period.

The balance of trade receivables and other receivables increased from SAR 55.3 million as at 31 December 2023G to SAR 78.9 million as at 30 September 2024G, due to an increase in advance payments to suppliers.

Cash and Cash Equivalents

Cash and cash equivalents increased from SAR 14.7 million as at 31 December 2021G to SAR 16.7 million as at 31 December 2022G, driven by financing received by AlRaeah Real Estate Company from the owners related to the purchase of land and units (+SAR 235.6 million), along with an increase in payables and accrued expenses (+SAR 161.8 million).

Cash and cash equivalents further increased from SAR 16.7 million as at 31 December 2022G to SAR 29.1 million as at 31 December 2023G, mainly due to an increase in payables and accrued expenses of SAR 89.8 million.

The balance of cash and cash equivalents increased from SAR 29.1 million as at 31 December 2023G to SAR 112.0 million as at 30 September 2024G, in line with the growth of the Company's operations.

Equity

Share Capital

As at 31 December 2022G and 30 September 2024G, the share capital of AlRaeah Real Estate Company amounted to SAR 100,000, consisting of 100 fully paid shares, with each share valued at SAR 1,000.

Statutory Reserve

In accordance with the Saudi Companies Law, AlRaeah Real Estate Company must transfer 10% of its annual net income to the statutory reserve until this reserve equals 30% of the Company's share capital. This reserve is not currently distributable to the shareholders of AlRaeah Real Estate Company. The statutory reserve amounted to SAR 30,000 as at 31 December 2021G, 2022G, 2023G, and 30 September 2024G.

It should be noted that starting from January 2023G, the new Companies Law eliminates the minimum statutory reserve requirement of 30%, allowing companies the option to create reserves based on their needs.

Retained Earnings

Retained earnings increased from SAR 42.1 million as at December 2021G to SAR 71.0 million as at 31 December 2022G, SAR 145.5 million as at 31 December 2023G, and SAR 207.0 million as at 30 September 2024G, in line with AlRaeah Real Estate Company's continued profitability during the period.

Current Liabilities

Trade Payables and Other Payables

Trade payables and other payables decreased from SAR 161.8 million as at 31 December 2021G to SAR 154.1 million as at 31 December 2022G.

Trade payables and other payables increased from SAR 154.1 million as at 31 December 2022G to SAR 183.4 million as at 31 December 2023G.

Trade payables and other payables decreased from SAR 183.4 million as at 31 December 2023G to SAR 147.7 million as at 30 September 2024G due to the settlement of a part of AlRajhi dues and other due expenses.

Contract Liabilities

Contract liabilities were zero as at 31 December 2021G and increased to SAR 20,000 as at 31 December 2022G and SAR 60.6 million as at 2023G, related to additional advance payments from customers for residential units. This was primarily due to delays in the transfer of property deeds.

Contract liabilities increased from SAR 60.5 million as at 31 December 2023G to SAR 64.9 million as at 30 September 2024G in line with the growth of the Company's operations.

Amounts Due to Related Parties

Amounts due to Related Parties gradually increased from SAR 235.8 million as at 31 December 2021G to SAR 480.6 million as at 31 December 2022G, SAR 628.2 million as at 31 December 2023G, and SAR 1,131.7 million as at 30 September 2024G, in line with the increased support from the owners.

6.11.6.4 Statement of Cash Flows

Table 6.101: Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	Financial Year Ended 31 December		
	2021G	2022G	2023G
Profit for the year before Zakat	52,414	30,960	75,533
Adjustments to reconcile profit before Zakat to net cash flows:			
Loss/(gain) on sale of Investment property	-	-	353
Valuation gains from investment property	(38,796)	9,190	(52,280)
(Reversal of) / Provision of Expected Credit Loss	-	1,228	(1,228)
Total adjustments	13,618	-	22,378
Adjustments of working capital			
Inventory of Properties	-	-	(283,118)

SAR 000s	Financial Year Ended 31 December		
	2021G	2022G	2023G
Trade receivables	(36,198)	16,516	(35,617)
Trade receivables and other receivables	161,754	(7,615)	89,825
Total adjustments of working capital	139,175	-	206,532
Paid Zakat	-	-	(3,424)
Net cash flows from / (used in) operating activities	139,175	31,899	209,956
In addition to real estate investment	(62,757)	(34,515)	(7,860)
In addition to properties under development	(287,649)	(305,917)	
Proceeds from sale of real estate investment	-	65,726	11,291
Net cash flows (used in)/from investment activities	(350,406)	(274,707)	3,430
Related Parties	235,768	244,821	218,853
Issuing capital	100	-	-
Dividends distribution	(9,923)	-	-
Net cash flows from/(used in) financing activities	225,945	14,714	218,853
Net decrease in cash and cash equivalents	14,714	2,013	12,327
Cash and cash equivalents at the beginning of the year	-	14,714	16,727
Cash and cash equivalents at the end of the year	14,714	16,727	29,053

Source: According to Management, the Group does not prepare separate cash flow statements for each affiliate on a quarterly basis but rather annually, therefore we have not presented the cash flow statements for the affiliate as at 30 September 2024G.

Net Cash Flows from / (Used in) Operating Activities

Net cash flows from operating activities decreased from SAR 139.2 million in FY2021G to net cash used in operating activities of SAR 31.2 million in FY2022G, primarily due to a decline in trade and other payables from SAR 161.8 million to SAR -7.6 million, and a decrease in net profit from SAR 52.4 million to SAR 31.0 million during the period. This was partially offset by cash inflows from trade receivables amounting to SAR 16.5 million in FY2022G, compared to cash outflows of SAR 36.2 million in FY2021G. Net cash flows from operating activities further decreased to SAR -210.0 million in FY2023G, mainly driven by valuation losses on investment properties amounting to SAR 52.3 million during this period and a decrease in Inventory of Properties balance from zero to SAR -283 million during the same period.

Net Cash Flows from / (Used in) Investing Activities

Net cash flows from investing activities improved from SAR -350.4 million in FY2021G to SAR -274.7 million in FY2022G, primarily due to proceeds from the sale of investment properties amounting to SAR 65.7 million during the period. Net cash flows used in investing activities increased to SAR 3.4 million in FY2023G, driven by a reduction in additions to properties under development from SAR -305.9 million to zero and a decrease in additions to investment properties from SAR -34.5 million to SAR -7.8 million during the period.

Net Cash Flows from / (Used in) Financing Activities

Net cash flows from financing activities decreased from SAR 225.9 million in FY2021G to SAR 244.8 million in FY2022G, primarily due to an increase in proceeds from financing with related parties during the same period. Net cash flows from financing activities further declined to SAR 218.9 million in FY2023G, consisting solely of financing activities with related parties during this period.

6.11.7 Jadat AlRabe'a Company

6.11.7.1 Statement of Comprehensive Income for FY2021G, FY2022G and FY2023G for Jadat AlRabe'a Company

Table 6.102: Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Jadat AlRabe'a Company

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	84,235	-	-	(100.0%)	N/A	N/A
Cost of revenue	(66,173)	-	-	(100.0%)	N/A	N/A
Gross profit	18,062	-	-	(100.0%)	N/A	N/A
General and administrative expenses	(46)	(1,179)	(790)	2473.0%	(33.0%)	314.4%
Profit from operations	18,017	(1,179)	(790)	N/A	(33.0%)	N/A
Other income	1,455	-	343	(100.0%)	N/A	(51.4%)
Profit for the year before Zakat	19,472	(1,179)	(447)	N/A	(62.1%)	N/A
Zakat	(490)	-	-	(100.0%)	N/A	(100.0%)
Profit for the year	18,982	(1,179)	(447)	N/A	(62.1%)	N/A
As % of revenue					%pt.	
Gross profit	21.4%	N/A	N/A	N/A	N/A	N/A
Net profit for the year	22.5%	N/A	N/A	N/A	N/A	N/A

Source: Management information.

Revenue

Revenue amounted to SAR 84.2 million in FY2021G, primarily related to the sale of land in Al-Nakheel District for SAR 51.9 million and land in Al-Murooj District for SAR 32.4 million during the same period. In FY2022G and FY2023G, Jadat AlRabe'a Real Estate Company did not record any revenue due to the absence of land sales, in line with management's strategy to increase cooperation with real estate funds.

Cost of Revenue

The cost of revenue was SAR 62.7 million in FY2021G, related to the cost of the lands sold during the period. In FY2022G and FY2023G, Jadat AlRabe'a Real Estate Company did not incur any cost of revenue due to the absence of land sales.

Gross Profit

Gross profit amounted to SAR 18.1 million in FY2021G and was zero in FY2022G and FY2023G, in line with the movements in Jadat AlRabe'a Real Estate Company's revenue. Jadat AlRabe'a Real Estate Company recorded a gross profit margin of 21.4% in FY2021G.

General and Administrative Expenses

General and administrative expenses are related to project management costs, professional fees, and other expenses. These expenses increased from SAR 46,000 in FY2021G to SAR 1.2 million in FY2022G, mainly due to an increase in administrative expenses by SAR 1.0 million, and an increase in other expenses by SAR 134.3 thousand.

General and administrative expenses decreased from SAR 1.2 million in FY2022G to SAR 790,000 in FY2023G, due to a reduction in administrative expenses from SAR 1.0 million in FY2022G to zero in FY2023G. This was partially offset by an increase in professional expenses by SAR 0.6 million in FY2023G.

Other Income

Other income amounted to SAR 1.5 million in FY2021G, mainly related to brokerage commissions. Other income decreased from SAR 1.5 million in FY2021G to zero in FY2022G. Other income amounted to SAR 343,000 in FY2023G.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)

Table 6.103: Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	84,235	-	-	(100.0%)	N/A	N/A
Cost of revenue	(66,173)	-	-	(100.0%)	N/A	N/A
Gross profit	18,062	-	-	(100.0%)	N/A	N/A
General and administrative expenses	(46)	(1,179)	(790)	2473.0%	(33.0%)	314.4%
Profit from operations	18,017	(1,179)	(790)	N/A	(33.0%)	N/A
Other income	1,455	-	343	(100.0%)	N/A	(51.4%)
Depreciation	-	-	59	N/A	N/A	N/A
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	19,472	(1,179)	(388)	N/A	(67%)	N/A
As a Percentage of Revenue					%pt.	
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	23%	N/A	N/A	N/A	N/A	N/A

Source: Management information.

EBITDA was SAR 19.5 million in FY2021G. The Company then recorded EBITDA losses of SAR 1.2 million and SAR 0.4 million in FY2022G and FY2023G, respectively, due to the absence of revenue during these periods.

Zakat

Zakat expenses were SAR 490,000 in FY2021G and decreased to zero in FY2022G and FY2023G, in line with Jadat AlRabe'a Real Estate Company's profits only being recorded in FY2021G.

Net Profit

Net Profit decreased from SAR 18.9 million in FY2021G to a loss of SAR 1.2 million in FY2022G and SAR 0.4 million in FY2023G, as the Company did not record any revenue during these periods.

6.11.7.2 Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for Jadat AlRabe'a Company

Table 6.104: Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for Jadat AlRabe'a Company

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G (Management information)
Revenue	-	346,194	N/A
Cost of revenue	-	(292,385)	N/A
Gross profit	-	53,809	N/A
General and administrative expenses	(113)	(196)	73%
Profit from operations	(113)	53,613	N/A
Other income	343	-	(100.0%)
Profit for the year before Zakat	230	53,613	23,181%
Zakat	(426)	-	(100.0%)
Profit for the period	(196)	53,613	N/A
As a Percentage of Revenue			%pt.
Gross profit	N/A	15.5%	N/A
Net profit for the period	N/A	15.5%	N/A

Source: Management information.

Revenue

Revenue reached SAR 346.2 million for the Nine-Month Period Ended 30 September 2024G, primarily driven by the sale of 299 residential units from six projects, mainly: AlMajdiah 143, AlMajdiah 135, AlMajdiah 139B, AlMajdiah 140, AlMajdiah 144 and AlMajdiah 128. The Company did not record any revenue during the Nine-Month Period Ended 30 September 2023G.

Cost of Revenue

The cost of revenue amounted to SAR 292.4 million for the Nine-Month Period Ended 30 September 2024G, mainly associated with the residential units sold during this period, with units at SAR 5.2 thousand per square meter.

Gross Profit

Gross profit was SAR 53.8 million for the Nine-Month Period Ended 30 September 2024G.

General and Administrative Expenses

General and administrative expenses increased from SAR 113,000 for the Nine-Month Period Ended 30 September 2023G to SAR 196,000 for the Nine-Month Period Ended 30 September 2024G, due to higher professional fees during the period.

Other Income

Other income amounted to SAR 343,000 for the Nine-Month Period Ended 30 September 2023G, related to exemptions obtained by the Company from Related Parties. The Company did not record any other income during the Nine-Month Period Ended 30 September 2024G.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)

Table 6.105: Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	-	346,194	N/A
Cost of revenue	-	(292,385)	N/A
Gross profit	-	53,809	N/A
General and administrative expenses	(113)	(196)	73%
Other income	343	-	(100.0%)
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	230	53,613	23,181%
As a Percentage of Revenue			%pt.
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	N/A	15.5%	N/A

Source: Management information.

EBITDA amounted to SAR 230 thousand for the Nine-Month Period Ended 30 September 2023G, and increased to SAR 53.6 million for the Nine-Month Period Ended 30 September 2024G, in line with the increase in revenue during the period. EBITDA recorded a margin of 15.5% for the Nine-Month Period Ended 30 September 2024G.

Zakat

Zakat expenses decreased from SAR 426 thousand in the Nine-Month Period Ended 30 September 2023G, to zero in the Nine-Month Period Ended 30 September 2024G, as the Group previously submitted its Zakat declaration based on the separate financial statements of the Group during the Nine-Month Period Ended 30 September 2023G, whereas it now submits the Zakat declaration on a consolidated basis for the Group.

Net Profit

Net Profit increased from a loss amounting to SAR 196 thousand in the Nine-Month Period Ended 30 September 2023G, to a profit amounting to SAR 53.6 million in the Nine-Month Period Ended 30 September 2024G, as the Company was not fully operational during the Nine-Month Period Ended 30 September 2023G.

6.11.7.3 Statement of Financial Position for Jadat AlRabe'a Company

Table 6.106: Statement of Financial Position as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G for Jadat AlRabe'a Company

SAR 000s	As at 31 December			As at 30 September 2024G (Management information)
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Assets				
Non-current assets				
Inventory of Properties	91,449	201,901	-	31,287
Total non-current assets	91,449	201,901	-	31,287
Current assets				
Inventory of Properties	-	-	300,655	34,986
Other receivables	1,022	4,974	22,039	4,574
Amounts due from related parties	629	-	14,559	120,604
Cash and cash equivalent	41,035	265	28,760	25,536
Total current assets	42,686	5,239	366,013	185,699
Total assets	134,135	207,140	366,013	216,986
Equity and liabilities				
Equity				
Capital	100	100	100	100
Statutory reserve	30	30	30	30
Retained earnings/losses	32	(1,147)	(1,594)	52,019
Total equity	162	(1,017)	(1,464)	52,149
Liabilities				
Current liabilities				
Accrued expenses and other current liabilities	32	179	203,985	24,996
Contract liabilities - current	-	-	192,790	-
Amounts due to related parties	133,451	207,488	163,492	139,841
Zakat payable	490	490	-	-
Total current liabilities	133,973	208,157	367,477	164,837
Total liabilities	133,973	208,157	367,477	164,837
Total equity and liabilities	134,135	207,140	366,013	216,986

Source: Management information.

Non-Current Assets

Non-Current Inventory of Properties

The non-current Inventory of Properties relates to residential projects under development expected to be completed in 2023G. The Inventory of Properties Under Development was SAR 91.4 million as at 31 December 2021G, and increased to SAR 201.9 million as at 31 December 2022G, related to six projects, including AlMajdiah 143, AlMajdiah 144, among others. The inventory decreased to zero as FY2023G, and 30 June 2024G, due to reclassification from non-current inventory to current inventory following the completion of these projects.

The Inventory of Properties Under Development increased from zero as at 31 December 2023G to SAR 28.9 million as at 30 September 2024G, due to the addition of a new project, AlMajdiah 171, to the Inventory of Properties. It is worth noting that the project has not yet entered the construction phase, as it has not obtained the necessary permits.

Current Assets

Current Inventory of Properties

Current Inventory of Properties consists of ready-to-sell residential units.

The inventory balance increased from zero as at 31 December 2021G and 2022G, to SAR 300.7 million as at 31 December 2023G, after transferring six projects from non-current to current inventory following the completion of the projects.

The inventory decreased from SAR 300.7 million as at 31 December 2023G, to SAR 35.0 million as at 30 September 2024G, due to the sale of 299 units in six projects during the period.

Other Receivables

Other receivables mainly relate to VAT. The balance of other receivables increased from SAR 1.0 million as at 31 December 2021G, to SAR 5.0 million as at 31 December 2022G, due to an increase in VAT by SAR 4.0 million. The balance further increased from SAR 5.0 million as at 31 December 2022G, to SAR 22.0 million, mainly due to a rise in VAT by SAR 15.7 million during the period.

The balance of other receivables decreased from SAR 22.0 million as at 31 December 2023G, to SAR 4.6 million as at 30 September 2024G, due to a decrease in VAT during the period.

Amounts Due from Related Parties

Amounts due from related parties decreased from SAR 630 thousand as at 31 December 2021G, to zero as at 31 December 2022G, due to the collection of outstanding amounts by Jadat AlRabe'a Real Estate Company. The amounts increased to SAR 14.6 million as at 31 December 2023G, relating to receivables from Dar AlMajed Real Estate ("the **Parent Company**").

Amounts due from Related Parties increased from SAR 14.6 million as at 31 December 2023G, to SAR 120.6 million as at 30 September 2024G, due to an increase in receivables from Dar AlMajed as a result of selling off-plan projects and collecting on behalf of Jadat AlRabe'a Real Estate Company.

Cash and Cash Equivalents

Cash and cash equivalents decreased from SAR 41.0 million as at 31 December 2021G, to SAR 265 thousand as at 31 December 2022G, primarily due to investments in Jadat AlRabe'a Real Estate projects in line with the increase in Inventory of Properties during the period.

Cash and cash equivalents then increased from SAR 265 thousand as at 31 December 2022G, to SAR 28.8 million as at 31 December 2023G, driven by the increase in liabilities during the period.

The cash balance decreased from SAR 28.8 million as at 31 December 2023G, to SAR 25.5 million as at 30 September 2024G, in line with the increase in receivables from Related Parties.

Equity

Capital

The capital of Jadat AlRabe'a Real Estate is SAR 100 thousand as at 31 December 2021G, 2022G, 2023G, and 30 September 2024G, divided into 100 cash shares of equal value of SAR 1,000.

Statutory Reserve

According to the Saudi Companies Law, Jadat AlRabe'a Real Estate must transfer 10% of the net income of the year to the statutory reserve until it reaches 30% of the capital. This reserve is currently not distributable to the shareholders of Jadat AlRabe'a Real Estate. The statutory reserve was SAR 30 thousand as at 31 December 2021G, 2022G, 2023G, and 30 September 2024G.

Notably, starting from January 2023G, the new Companies Law canceled the 30% minimum statutory reserve requirement, allowing companies instead to establish statutory reserves as needed.

Retained Earnings

Retained earnings decreased from SAR 32 thousand as at 31 December 2021G, to accumulated losses of SAR 1.1 million as at 31 December 2022G, and SAR 1.6 million as at 31 December 2023G, in line with the financial performance of Jadat AlRabe'a Real Estate.

Retained earnings increased from accumulated losses of SAR 1.6 million as at 31 December 2023G, to profits of SAR 52.0 million as at 30 September 2024G, due to profits generated during the Nine-Month Period Ended 30 September 2024G.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities primarily consist of accrued expenses, contract liabilities, and advances from customers.

The balance of accrued expenses and other current liabilities increased from SAR 32 thousand as at 31 December 2021G, to SAR 179 thousand as at 31 December 2022G, due to an increase in accrued expenses.

The balance further increased to SAR 204.0 million as at 31 December 2023G, driven by a rise in contract liabilities amounting to SAR 192.8 million related to advances from customers for purchasing residential units.

The balance of accrued expenses and other current liabilities decreased from SAR 204.0 million as at 31 December 2023G, to SAR 25.0 thousand as at 30 September 2024G, in line with the decline in contract liabilities during the period.

Amounts Due to Related Parties

Amounts due to related parties increased from SAR 133.5 million as at 31 December 2021G, to SAR 207.5 million as at 31 December 2022G, due to an increase in amounts owed to the owners, corresponding to increased financing.

The amounts due to Related Parties decreased from SAR 207.5 million as at 31 December 2022G, to SAR 163.5 million as at 31 December 2023G, as Jadat AlRabe'a Real Estate settled its dues to Dar AlMajed Real Estate.

The amounts further decreased from SAR 163.5 million as at 31 December 2023G, to SAR 139.8 million as at 30 September 2024G, following partial repayment during the period.

Zakat Payable

The Zakat payable provision remained at SAR 490 thousand as at 31 December 2021G and 2022G, and decreased to zero as at 31 December 2023G and 30 September 2024G. Jadat AlRabe'a Real Estate has submitted Zakat declarations to the Zakat, Tax and Customs Authority for all years up to the year ended 2021G, and no assessments have been issued by ZATCA yet.

6.11.7.4 Statement of Cash Flows for Jadat AlRabe'a Company

Table 6.107: Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for Jadat AlRabe'a Company

SAR 000s	Financial Years Ended 31 December		
	2021G (Management information)	2022G (Management information)	2023G (Management information)
Profit for the year before Zakat	19,472	(1,179)	(446)
Working capital adjustments:			
Inventory of Properties	(91,449)	(110,452)	(98,754)
Trade receivables	(1,022)		
Accrued expenses	32		
Related parties	(604)	813	(58,556)
Trade and other creditors	-	(3,953)	(17,065)
Accumulated expenses	-	147	203,806
Total working capital adjustments	(73,571)	(114,624)	28,985
Paid Zakat	-		(490)
Net cash flows from / (used in) operating activities	(73,571)	(114,624)	28,495
Related parties	133,526		
Distribution of Dividends	(18,920)		
Net cash flows from / (used in) investing activities	114,606	-	-
Amounts due to related parties		73,854	
Net cash flows from / (used in) financing activities	-	73,854	-
Net decrease in cash and cash equivalents	41,035	(40,770)	28,495
Cash and cash equivalents at the beginning of the year	-	41,035	264
Cash and cash equivalents at the end of the year	41,035	264	28,760

Source: Management information.

According to management, the group does not prepare separate financial flow statements for each subsidiary on a quarterly basis, or even annually, so we did not present the cash flow statements for subsidiaries as at 30 September 2024G.

Net Cash Flows Generated from / (Used in) Operating Activities

The net cash flows generated from operating activities decreased from -SAR 73.6 million in FY2021G to net cash flows used in operating activities amounting to -SAR 114.6 million in FY2022G, mainly due to a decrease in Inventory of Properties from -SAR 91.4 million to -SAR 110.5 million, resulting from additions related to land and development works of this value during the period.

The net cash flows generated from operating activities increased from -SAR 114.6 million used in FY2022G to net cash flows from operating activities amounting to SAR 28.5 million in FY2023G, primarily driven by an increase in the accrued expenses balance from SAR 147 thousand to SAR 203.8 million during the same period, in line with the increase in contract liabilities by SAR 192.8 million related to advance payments from customers. This was partially offset by a decrease in related parties from SAR 813 thousand in FY2022G to -SAR 58.6 million in FY2023G, related to Prince Saud bin Abdullah bin Mohammed bin Saud.

Net Cash Flows Generated from / (Used in) Investing Activities

Net cash flows generated from investing activities decreased from SAR 114.6 million in FY2021G to net cash flows used in investing activities amounting to zero in FY2022G and FY2023G, primarily due to an increase in financing repayments to Related Parties and dividend distributions only in FY2021G.

Net Cash Flows Generated from / (Used in) Financing Activities

Net cash flows generated from financing activities increased from zero in FY2021G to net cash flows used in operating activities amounting to SAR 73.9 million in FY2022G, primarily due to an increase in financing collections from Related Parties in FY2022G. Net cash flows generated from financing activities decreased to zero in FY2023G.

6.11.8 AlMajdiah Investment Fund

AlMajdiah Investment Fund includes AlDar Investment Fund and AlNarjis Investment Fund, consolidated. It is worth noting that the results of AlMajdiah Investment Fund accurately reflect the results of the consolidated funds.

6.11.8.1 Statement of Comprehensive Income for FY2021G, FY2022G and FY2023G for AlMajdiah Investment Fund

Table 6.108: Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G for AlMajdiah Investment Fund

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	-	606,875	691,961	N/A	14.0%	N/A
Cost of revenue	-	(489,947)	(549,092)	N/A	12.1%	N/A
Gross profit	-	116,928	142,869	N/A	22.2%	N/A
General and administrative expenses	(8,215)	(12,730)	(73,028)	55.0%	473.7%	198.2%
Profit from operations	(8,215)	104,198	69,841	N/A	(33.0%)	N/A
Other income	137	662	127	383.2%	(80.8%)	3.7%
Financing cost	-	(10,629)	(13,095)	N/A	23.2%	N/A
Profit for the year	(8,078)	94,230	56,873	N/A	(39.6%)	N/A
As a Percentage of Revenue					%pt.	
Gross profit	N/A	19.3%	20.6%	N/A	1.4	N/A
Net profit for the year	N/A	15.5%	8.2%	N/A	(7.3)	N/A

Source: Management information.

Revenue

The revenue of the AlMajdiah Investment Fund are related to Sales Revenue from the Completed Inventory Properties. Revenue amounted to SAR 606.9 million during FY2022G through the sale of 623 residential units from 4 projects, the largest of which is AlMajdiah Village.

Revenue increased by 14.0%, from SAR 606.9 million in FY2022G to SAR 692.0 million in FY2023G, due to an increase in the number of units sold during the year from 623 to 646 units, in addition to an increase in the average price per square meter during the period.

Cost of Revenue

The cost of revenue primarily relates to the cost of land associated with the sold units and construction costs. The cost of revenue increased from SAR 489.9 million in FY2022G to SAR 549.1 million in FY2023G, in line with the increase in the number of units sold.

Gross Profit

Gross profit increased from SAR 117.0 million in FY2022G to SAR 142.9 million in FY2023G, in line with the growth in operations of Jadat AlRabe'a Real Estate Company. The profit margin remained stable at 19% and 21% in FY2022G and FY2023G, respectively.

General and Administrative Expenses

General and administrative expenses primarily relate to management and performance fees. These expenses increased from SAR 8.2 million in FY2021G to SAR 12.7 million in FY2022G due to an increase in management fees from SAR 7.2 million to SAR 10.9 million during the period.

General and administrative expenses increased again from SAR 12.7 million in FY2022G to SAR 70.0 million in FY2023G, mainly due to performance fees paid to the fund manager amounting to SAR 33.5 million during the period. These are one-time fees paid by the I Dar Investment Fund to the fund manager, Jadwa Investment Company, representing 15% of profits exceeding a specified return rate for the fund.

Other Income

Other income primarily relate to gains from the revaluation of financial assets at fair value through profit or loss, and other income. Other income increased from SAR 137 thousand in FY2021G to SAR 662 thousand in FY2022G but decreased to SAR 127 thousand in FY2023G due to losses in the revaluation of financial assets at fair value through profit or loss amounting to SAR 182 thousand.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)

Table 6.109: Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the Financial Years Ended 31 December 2021G, 31 December 2022G and 31 December 2023G

SAR 000s	FY2021G (Management information)	FY2022G (Management information)	FY2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	-	606,875	691,961	N/A	14.0%	N/A
Cost of revenue	-	(489,947)	(549,092)	N/A	12.1%	N/A
Gross profit	-	116,928	142,869	N/A	22.2%	N/A
General and administrative expenses	(8,215)	(12,730)	(73,028)	55.0%	473.7%	198.2%
Profit from operations	(8,215)	104,198	69,841	N/A	(33.0%)	N/A
Other income	137	662	127	383.2%	(80.8%)	3.7%
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	(8,078)	104,860	69,968	N/A	(33%)	N/A
As a Percentage of Revenue					%pt.	
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	17%	10%	N/A	N/A	(7.2)	N/A

Source: Management information.

EBITDA increased from a loss of SAR 8.1 million in FY2021G to a profit of SAR 104.9 million in FY2022G, in line with the increase in revenue, then decreased to SAR 70.0 million due to the rise in general and administrative expenses.

Financing cost

Financing cost amounted to SAR 10.6 million in FY2022G, primarily related to costs on loans and borrowings. Financing cost increased to SAR 13.1 million in FY2023G due to a decrease in financing and the capitalized transaction cost from SAR 43.4 million to SAR 19.9 million.

Net Profit

The fund recorded a loss of SAR 8.1 million in FY2021G due to the absence of revenue during this period. The fund recorded a profit of SAR 94.2 million in FY2022G, which decreased to SAR 56.9 million in FY2023G due to the increase in general and administrative expenses. The net profit for the year as a percentage of revenue decreased from 16% in FY2022G to 8% in FY2023G.

6.11.8.2 Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for AlMajdiah Investment Fund

Table 6.110: Statement of Comprehensive Income for the Nine-Month Periods Ended 30 September 2023G and 2024G for AlMajdiah Investment Fund

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	541,831	162,735	(70.0%)
Cost of revenue	(413,037)	(123,965)	(70.0%)
Gross profit	128,794	38,771	(69.9%)
General and administrative expenses	(9,776)	(33,160)	239.2%
Profit from operations	119,018	5,611	(95.3%)
Financing cost	(11,461)	(2,006)	(72.5%)
Other income	(192)	10,861	N/A
Profit for the period	107,365	14,466	(86.5%)
As a Percentage of Revenue			%pt.
Gross profit	23.8%	23.8%	0.1
Net profit for the period	19.8%	8.9%	(47.4)

Source: Management information.

Revenue

Revenue decreased by 70.0% from SAR 541.8 million in the Nine-Month Period Ended 30 September 2023G to SAR 162.7 million in the Nine-Month Period Ended 30 September 2024G, primarily due to a reduction in the sale of real estate inventory, driven by a decrease in the number of units sold from 427 units, mainly in the AlMajdiah 125 project, to 53 units, mainly in the AlMajdiah 130 project, as well as a decline in the average price per square meter from SAR 7.7 thousand to SAR 7.4 thousand, partially offset by the reversal of an adjustment recorded in FY2022G, which had a positive impact of SAR 24.6 million on revenue.

Cost of Revenue

The cost of revenue decreased by 70.0% from SAR 413.0 million in the Nine-Month Period Ended 30 September 2023G to SAR 124.0 million in the Nine-Month Period Ended 30 September 2024G, in line with the decline in revenue during the period, partially offset by a negative adjustment of SAR 18.9 million related to the cost of revenue for AlDar Investment Fund projects, concerning intercompany transactions..

Gross Profit

Gross profit decreased by 69.9% from SAR 128.8 million in the Nine-Month Period Ended 30 September 2023G to SAR 38.8 million due to the decline in revenue during the period. However, the gross margin remained stable at 23.8% during the period.

General and Administrative Expenses

General and administrative expenses increased by 239.2% from SAR 9.8 million in the Nine-Month Period Ended 30 September 2023G to SAR 33.2 million in the Nine-Month Period Ended 30 September 2024G, primarily due to performance expenses amounting to SAR 26.7 million.

Other Income

Other income mainly relate to gains from the revaluation of financial assets at fair value through profit or loss, and other income. Other income increased from SAR 192 thousand in the Nine-Month Period Ended 30 September 2023G to SAR 2.0 million in the Nine-Month Period Ended 30 September 2024G.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)

Table 6.111: Earnings Before Interest, Taxes, Depreciation and Amortization for the Nine-Month Periods Ended 30 September 2023G and 2024G

SAR 000s	Nine-Month Period Ended 30 September 2023G (Management information)	Nine-Month Period Ended 30 September 2024G (Management information)	Variance 2023G-2024G
Revenue	541,831	162,735	(70.0%)
Cost of revenue	(413,037)	(123,965)	(70.0%)
Gross profit	128,794	38,771	(69.9%)
General and administrative expenses	(9,776)	(33,160)	239.2%
Other income	(192)	10,861	N/A
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	118,8	16,471	(86.1%)
As a Percentage of Revenue			%pt.
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	21.9%	10.1%	(37.1)

Source: Management information.

EBITDA decreased from SAR 118.8 million in the Nine-Month Period Ended 30 September 2023G to SAR 16.5 million in the Nine-Month Period Ended 30 September 2024G.

Financing cost

Financing cost decreased by 82.5% from SAR 11.5 million in the Nine-Month Period Ended 30 September 2023G to SAR 2.0 million in the Nine-Month Period Ended 30 September 2024G.

Net Profit

Net profit decreased by 76.5%, from SAR 107.4 million in the Nine-Month Period Ended 30 September 2023G to SAR 14.5 million in the Nine-Month Period Ended 30 September 2024G.

6.11.8.3 Statement of Financial Position for AlMajdiah Investment Fund

Table 6.112: Statement of Financial Position as at 31 December 2021G, 2022G, 2023G and as at 30 September 2024G for AlMajdiah Investment Fund

SAR 000s	As at 31 December			As at 30 September 2024G
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Assets				
Non-current assets				
Inventory of Properties Under Development	735,440	857,355	382,745	484,968
Financial assets at FVTPL	20,137	20,560	64,378	54,459
Total non-current assets	755,577	877,915	447,123	539,426
Current assets				
Inventory of Properties	-	41,360	51,197	775
Advance payments and other receivables	46,279	48,763	21,922	238,3
Amounts due from related parties		13,720	-	-
Cash and cash equivalents	12,966	113,167	50,071	83,608
Total current assets	59,245	217,010	123,191	322,700
Total assets	814,822	1,094,925	570,314	862,126
Equity and liabilities				

SAR 000s	As at 31 December			As at 30 September 2024G
	2021G (Management information)	2022G (Management information)	2023G (Management information)	
Equity				
Capital	-	181,813	181,813	181,813
Accumulated losses	-	(96,639)	(79,423)	(72,163)
Net asset value attributable to unitholder	385,730	-	-	-
Non-controlling equity	-	215,567	80,795	(45,858)
Total Equity	385,730	300,741	183,185	63,792
Liabilities				
Non-current liabilities				
Loans and borrowings	384,357	625,864	26,784	313,550
Total non-current liabilities	384,357	625,864	26,784	313,550
Current liabilities				
Loans and borrowings	-	-	241,252	-
Accrued expenses and other current liabilities	37,730	55,931	25,965	18,617
Contract liabilities	-	55,538	1,160	461,389
Amounts due to related parties	7,005	56,850	91,968	4,767
Total current liabilities	44,735	168,319	360,345	484,784
Total liabilities	429,092	794,183	387,129	798,334
Total equity and liabilities	814,822	1,094,925	570,314	862,126

Source: Management information.

Assets

Non-Current Assets

Inventory of Properties Under Development

The Inventory of Properties Under Development increased from SAR 735.4 million as at 31 December 2021G to SAR 857.3 million as at 31 December 2022G, due to increased investment and growth in the fund's operations. The inventory decreased to SAR 382.7 million as at 31 December 2023G, resulting from the transfer of projects to ready-for-sale Inventory of Properties. As at 31 December 2023G, only one project remained related to the AIDar Investment Fund, AlMajdiah 151.

The Inventory of Properties Under Development increased from SAR 382.7 million as at 31 December 2023G to SAR 485.0 million as at 30 September 2024G, primarily related to the Narjis Fund.

Financial Assets at Fair Value Through Profit or Loss

The balance of financial assets at fair value through profit or loss remained stable at SAR 20.1 million and SAR 20.5 million as at 31 December 2021G and 2022G, respectively. The balance increased to SAR 64.4 million as at 31 December 2023G due to additions during the period.

The balance of financial assets at fair value through profit or loss decreased from SAR 64.4 million as at 31 December 2023G to SAR 54.5 million as at 30 September 2024G due to a decrease of investments in Dar 2 Fund by SAR 27 million and in AlMajdiah Dar 3 Fund by SAR 17 million.

Current Assets

Inventory of Properties

The Inventory of Properties increased from zero as at 31 December 2021G to SAR 41.4 million as at 31 December 2022G, due to the completion of three projects during the period. The balance increased again to SAR 51.2 million as at 31 December 2023G due to the completion of three additional projects during the period.

The Inventory of Properties decreased from SAR 51.2 million as at 31 December 2023G to SAR 775,000 as at 30 September 2024G due to the sale of units during the period.

Prepayments and Other Receivables

Prepayments and other receivables mainly relate to trade debtors, VAT receivables, prepaid expenses, and other expenses. The balance remained relatively stable at SAR 46.3 million and SAR 48.8 million as at 31 December 2021G and 2022G, respectively.

The balance of prepayments and other receivables decreased to SAR 21.9 million as at 31 December 2023G, due to a reduction in real estate tax amounting to SAR 21.1 million.

The balance of prepayments and other receivables increased from SAR 21.9 million as at 31 December 2023G to SAR 238.3 million as at 30 September 2024G, related to advance payments to suppliers.

Amounts Due from Related Parties

Amounts due from Related Parties were SAR 13.7 million as at 31 December 2022G, related to amounts due from the parent company. These amounts were collected as at 31 December 2023G.

Cash and Cash Equivalents

Cash and cash equivalents increased from SAR 13.0 million as at 31 December 2021G to SAR 113.2 million as at 31 December 2022G, due to obtaining new loans.

The balance decreased to SAR 50.1 million as at 31 December 2023G due to partial repayment of loans and borrowings.

Cash and cash equivalents increased from SAR 50.1 million as at 31 December 2023G to SAR 83.6 million as at 30 September 2024G, due to loans collection.

Equity

Capital

The fund's capital was SAR 181.8 million as at 31 December 2022G, FY2023G, and 30 September 2024G.

Accumulated Losses

The fund recorded accumulated losses of SAR 96.6 million as at 31 December 2022G and SAR 79.4 million as at 31 December 2023G.

Accumulated losses decreased from SAR 79.4 million as at 31 December 2023G to SAR 72.1 million as at 30 September 2024G.

Net Asset Value Attributable to Unitholders

Net asset value attributable to unitholders was SAR 385.7 million as at 31 December 2021G.

Non-Controlling Interests

Non-controlling interests are related to the AIDar Investment Fund (43% ownership) and the Narjis Investment Fund (63.53% ownership).

Liabilities

Non-Current Liabilities

Loans and borrowings

The balance of loans and borrowings was SAR 384.4 million as at 31 December 2021G and increased to SAR 625.9 million as at 31 December 2022G due to the fund obtaining a new loan. The balance decreased to SAR 268.0 million as at 31 December 2023G, due to partial repayment of loans.

The balance of loans and borrowings increased from SAR 268.0 million as at 31 December 2023G to SAR 313.6 million as at 30 September 2024G.

Current Liabilities

Accrued Expenses and Other Current Liabilities

The balance of accrued expenses and other current liabilities increased from SAR 37.7 million as at 31 December 2021G to SAR 55.9 million as at 31 December 2022G due to an increase in real estate tax.

The balance of accrued expenses and other current liabilities decreased to SAR 26.0 million as at 31 December 2023G due to a reduction in real estate tax, offset by an increase in accrued expenses.

The balance of accrued expenses and other current liabilities decreased from SAR 26.0 million as at 31 December 2023G to SAR 18.6 million as at 30 September 2024G due to the fund settling its payables.

Contract Liabilities

Contract liabilities were SAR 55.5 million as at 31 December 2022G, related to advance payments from customers for maintenance services. The balance decreased to SAR 1.2 million as at 31 December 2023G due to the settlement of advance payments against project costs for customers.

Contract liabilities increased from SAR 1.2 million as at 31 December 2023G to SAR 461.4 million as at 30 September 2024G, mainly related to the sale of a land plot in the Narjis District (SAR 241.4 million).

Amounts Due to Related Parties

Amounts due to Related Parties gradually increased from SAR 7.0 million as at 31 December 2021G to SAR 56.9 million as at 31 December 2022G, and again to SAR 92.0 million as at 31 December 2023G. Most of the amounts due relate to management fees payable to the fund manager.

Amounts due to Related Parties decreased from SAR 92.0 million as at 31 December 2023G to SAR 4.8 million as at 30 September 2024G as the fund settled its payables during the period.



7. Dividend Distribution Policy

Pursuant to Article 107 of the Companies Law, a Shareholder is vested with all rights attached to Shares, which include in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend declaring and paying any dividends before approval by the Shareholders at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's Zakat position, and legal and regulatory considerations. For example, Shares give their holders the right to receive dividends announced by the Company from the date of this Prospectus and for the following financial years. Despite the Company's intention to distribute annual dividends to its shareholders, there are no guarantees that such dividends will be actually distributed, nor is there any guarantee regarding the amounts of dividends paid in any year.

Dividend distribution is also subject to the restrictions set out in the Company's Bylaws. Moreover, under some of the Company's facility agreements, the Company undertakes not to declare or distribute any dividends or repay any loans to its shareholders in the event of default.

Dividend distribution is also subject to the restrictions set out in the Company's Bylaws. Dividends shall be distributed in Saudi Riyals.

The Company's annual net profits shall be allocated as follows:

1. The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside 10% of the net profits to form a contractual reserve allocated for a specific purpose(s).
2. The Ordinary General Assembly may resolve to set aside other reserves, to the extent that achieves the interest of the Company, or ensures the distribution of fixed dividends as much as possible to Shareholders. Said Assembly may also deduct from the net profits amounts for the establishment of social institutions for the Company's employees or to help existing institutions.

The remainder shall then be distributed to shareholders upon the recommendation of the Board of Directors as decided by the Ordinary General Assembly in accordance with the interests of the Company and the regulations in this regard. The Company may distribute interim profits (quarterly or semi-annually) to its Shareholders after fulfilling the following controls:

- a. The General Assembly shall authorize the Board of Directors to distribute interim dividends by virtue of a resolution of the Assembly that shall be renewed annually.
- b. The Company shall have good and steady profitability.
- c. The Company shall have reasonable liquidity and shall be able to reasonably anticipate the level of its profits.
- d. The Company shall have distributable dividends according to the latest audited financial statements, sufficient to cover the proposed dividends to be distributed, after deducting the distributed and capitalized dividends, following the date of said financial statements.
- e. The Board of Directors shall include in its annual report to the Company's General Assembly the percentages of dividends that have been distributed to shareholders during the different periods of the financial year, in addition to the percentage of dividends proposed to be distributed at the end of the financial year and the total of said dividends.
- f. Any other controls set by the competent authority.

The dividend distribution policy may change from time to time, in accordance with the controls of the competent authority.

The following is a summary of dividends declared and distributed by the Company during the years 2021G, 2022G, 2023G, and the Nine-Month Period Ended 30 September 2024G, respectively:

Table 7.1: Dividends Distributed to the Company's Shareholders During the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Period Ended 30 September 2024G

SAR	Year Ended 31 December 2021G	Year Ended 31 December 2022G	Year Ended 31 December 2023G**	Nine-Month Period Ended 30 September 2024G
Declared Dividends for the Period/ Year	251,321,510	-	44,214,265	50,000,000
Dividends paid during the period/ year	251,321,510	-	-	44,214,265
Net income of Company Shareholders****	286,844,696	109,509,369	147,380,874	181,501,610
Ratio of Declared Dividends to Company Shareholders' Net Profits	88%	0%	30%	28%

Source: Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G.

- * The distribution of dividends in the amount of SAR 251.3 million was approved by the partners' resolution dated 27/25/1443H (corresponding to 31/12/2021G). The amount was included in the Company's financial statements by transferring it to shareholders' accounts as balances due to Related Parties, which were distributed on 18/10/1443H (corresponding to 19/05/2022G).
- ** The Extraordinary General Assembly resolution issued on 27/11/1445G (corresponding to 06/04/2024G) approved the distribution of dividends in the amount of SAR 44,214,265, representing 30% of the profits for 2023G, which were distributed on 17/01/1446H (corresponding to 13/07/2024G).
- *** The Ordinary General Assembly on 04/04/1446H (corresponding to 07/10/2024G) approved the distribution of dividends in the amount of SAR 50,000,000 for the period ended 30 June 2024G, which were distributed on 05/04/1446H (corresponding to 08/10/2024G).
- **** The net income of the Company's Shareholders (the parent company) excluding non-controlling interests.

The following is a summary of the Dividends distributed to the Group's Shareholders during the years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Period Ended 30 September 2024G, respectively.

Table 7.2: Dividends distributed to the Group's Shareholders During the Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Nine-Month Period Ended 30 September 2024G

SAR	Year Ended 31 December 2021G	Year Ended 31 December 2022G	Year Ended 31 December 2023G	Nine-Month Period Ended 30 September 2024G
Dividends paid during the period / year for non-controlling shares	14,190,000**	60,208,114***	91,817,374****	112,087,808
Dividends paid during the period/year for the Company's shareholders	251,321,510	-	-	44,214,265
Total dividends paid by the Group	265,511,510	60,208,114	91,817,374	156,302,073
Group's Net Income	297,184,958	142,395,024	166,967,861	222,275,159
Dividends Paid to Net Income	89.3%	42.3%	55.0%	70.0%

Source: Company's information.

The non-controlling interests that are entitled to the distribution of dividends are the Fund unitholders.

- * Group means the Company's Shareholders and non-controlling interests.
- ** According to the approval of the Board of Directors of Jadat AlRabe'a Real Estate Company to distribute dividends of SAR 18,920,000 on 27/05/1445H (corresponding to 31/12/2021G). The non-controlling shareholders interest amounted to 75% of these approved dividends.
- *** According to the approval of AIDar Investment Fund Board to distribute dividends of SAR 140 million on 24/02/1444H (corresponding to 20/09/2022G) and SAR 60 million on 07/04/1444H (corresponding to 01/11/2022G). The non-controlling shareholders interest amounted to 30.0% of these approved dividends.
- **** According to the approval of AIDar Investment Fund Board to distribute dividends of SAR 100 million on 29/11/1444H (corresponding to 18/06/2023G); SAR 60 million on 12/01/1445H (corresponding to 30/07/2023G); SAR 80 million on 20/03/1445H (corresponding to 05/10/2023G); and SAR 65 million on 08/05/1445H (corresponding to 22/11/2023G). The non-controlling shareholders interest amounted to 30.0% of these approved dividends.
- ***** According to the approval of AIDar Investment Fund Board to distribute dividends of SAR 40 million on 10/07/1445H (corresponding to 22/01/2024G). The non-controlling shareholders interest amounted to 30.0% of these approved dividends.

It is worth noting that dividends totaling SAR 112,087,808 were distributed to non-controlling interests during the nine-month period ended 30 September 2024G according to the approval of AIDar Investment Fund Board to distribute dividends of SAR 40,375,000 on 02/02/1446H (corresponding to 06/08/2024G) and SAR 40,000,000 on 10/07/1445H (corresponding to 22/01/2024G), where the non-controlling shareholders interest amounted to 30.0% of such approved distributions amounting to SAR 24,298,870. In addition to the approval of AlNarjis Fund Board to distribute dividends of SAR 200,700,000 on 10/01/1446H (corresponding to 16/07/2024G) and SAR 40,000,000 on 15/03/1446H (corresponding to 18/09/2024G), where the non-controlling shareholders interest amounted to 36.47% of such approved distributions amounting to SAR 87,788,938.

In addition, on 23/06/1446H (corresponding to 24/12/2024G) the AlNarjis Fund Board has approved a dividend distribution of SAR 20,000,000 to the fund investors, where the non-controlling shareholders interest amounted to 36.47% of such approved distributions amounting to SAR 7,294,469, which were distributed on 01/07/1446H (corresponding to 01/01/2025G).

Additionally, on 16/12/1446H (corresponding to 12/06/2025G), the partners in Jadat AlRabe'a Real Estate Company approved the distribution of profits amounting to SAR 47,625,848 for the financial year ending 31 December 2024G. The share of non-controlling shareholders represented 75% of such approved distributions amounting to SAR 35,719,386, which will be distributed on 08/04/1447H (corresponding to 30/09/2025G).

8. Use of Proceeds

Total proceeds from the Offering are estimated at around SAR [•] of which approximately SAR 40,000,000 will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Auditor, the Receiving Agents, the Market Study Consultant, and the other consultants, as well as marketing, printing, and distribution fees, and other costs and expenses related to the Offering. The Company will not receive any part of the net proceeds from the Offering.

The Net Proceeds from the Offering of approximately SAR [•] will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Offer Shares being sold in the Offering. The Company will not receive any part of the Net Proceeds from the Offering. The Selling Shareholders shall bear all the fees, expenses and costs related to the Offering.



9. Capitalization and Indebtedness

Prior to the Offering, the Current Shareholders own the entire Shares of the Company. Following the completion of the Offering, the Current Shareholders will own 70% of the Company's Shares.

The table below sets out the capitalization of the Company as derived from the audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto contained in Section 19 ("Consolidated Financial Statements and Auditors' Reports") of this Prospectus.

Table 9.1: Capitalization and Indebtedness of the Company

SAR	As at 31 December 2021G*	As at 31 December 2022G**	As at 31 December 2023G***	As at 30 September 2024G****
Interest bearing loans	700,331,183	950,579,878	630,176,652	1,063,957,113
Lease liabilities	2,277,082	1,551,193	792,638	-
Total loans and lease liabilities	702,608,265	952,131,071	630,969,290	1,063,957,113
Share Capital	300,000,000	300,000,000	300,000,000	300,000,000
Statutory Reserve	33,647,765	44,598,701	44,598,701	44,598,701
Retained Earnings	63,641,834	171,368,122	321,356,811	465,347,689
Total Shareholders' Equity	397,289,599	515,966,823	665,955,512	809,946,390
Total Capitalization (Total Loans and Lease liabilities + Total Shareholders' Equity)	1,099,897,864	1,468,097,894	1,296,924,802	1,873,903,503
Total Interest bearing loans / Total Capitalization	63.67%	64.75%	48.59%	56.77%
Total Loans and Lease liabilities / Total Capitalization	63.88%	64.85%	48.65%	56.78%

Source: The Company

* 2021G data was extracted from the compared FY2022G financial statements data.

** 2022G data was extracted from the compared FY2023G financial statements data.

*** 2023G data was extracted from the consolidated financial statements for FY2023G.

**** 30 September 2024G data was extracted from the consolidated financial statements for FY2024G.

The members of the Board of Directors confirm that:

- None of the Company's Shares is under option.
- As at the date of this Prospectus, neither the Company nor its Subsidiaries have any debt instruments.
- The Company's existing cash balances and cash flows are sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least twelve (12) months following the date of this Prospectus.





10. Experts' Statement

All Advisors and Auditors, listed on pages (vii) to (viii) of this Prospectus have provided and not withdrawn, as at the date hereof, their written consent to publish their names, and logos attributed thereto, as well as their statements and reports (as necessary) in this Prospectus. Neither the Advisors and Auditors, nor any of their employees, forming part of the team serving the Company, or relatives have any shareholding or interest of any kind in the Company or subsidiaries thereof, as at the date of this Prospectus, in a manner that would impair their independence.



11. Declarations

The members of the Board of Directors declare the following:

- The Listing does not constitute a breach of the relevant laws and regulations in the Kingdom.
- The Listing does not constitute a breach of any contract or agreement entered into by the Issuer.
- All material legal information concerning the Company have been disclosed in the Prospectus.
- Except as disclosed in Section 12.12 ("**Claims and Lawsuits**") of this Prospectus, neither the Issuer, nor its Subsidiaries are subject to any claims or any legal proceedings that could individually or collectively have a material effect on the Issuer or its Subsidiaries business or financial position.
- The members of the Board of Directors of the Issuer are not subject to any claims or any legal proceedings that could individually or collectively have a material effect on the Issuer or its Subsidiaries business or financial position.
- None of the members of the Board of Directors nor any member of the Executive Management nor the Secretary nor any of their relatives nor Affiliates have a direct or indirect interest whatsoever in the Company or its Subsidiaries Shares, nor any interest in any other matter which may impact the Company's businesses. Except for the direct ownership of Khaled Abdulrahman AlMajed, Hussam Abdulrahman AlMajed, Majed Abdulrahman AlMajed and Abdulsalam Abdulrahman AlMajed, who own a direct percentage of the Company as shown in Table 5.1 ("**Direct Ownership in the Company Pre and Post Offering**") and the ownership of their brothers Mohammed Abdulrahman AlMajed, Abdullah Abdulrahman AlMajed and Nasser Abdulrahman AlMajed, and the indirect ownership of Khaled Abdulrahman AlMajed, Hussam Abdulrahman AlMajed, Majed Abdulrahman AlMajed and Abdulsalam Abdulrahman AlMajed through their ownership in Dar AlMajed Holding, and as disclosed in Section 12.8 ("**Transactions and Contracts with Related Parties**") and Section 5.6 ("**Conflict of Interest**"). The Company and its Subsidiaries may not provide any cash loan of any kind to members of the Board of Directors or guarantee any loan entered into by any of them.
- As at the date of this Prospectus and except as disclosed in Section 12.8 ("**Transactions and Contracts with Related Parties**") of this Prospectus, none of the members of the Board of Directors nor do any of the Senior Executives, Secretary, or their relatives or Affiliates, have any interest in any written or verbal contract or arrangement contemplated or expected to be conducted with the Company and its Subsidiaries.
- As at the date of this Prospectus and except as disclosed in Section 5.7 ("**Direct and Indirect Interests of Board Members, Board Secretary, and Executive Management**"), there is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company and its Subsidiaries.
- The Company and its Subsidiaries possess the necessary regulations and policies needed to prepare the interim financial statements in conformity with IFRS-KSA, and other standards and pronouncements that are endorsed by SOCPA, and within the deadlines set in the OSCOs. Furthermore, the Company and its Subsidiaries possess the necessary regulations and policies to prepare all the other financial and non-financial reports, as required by the OSCOs and within the timeframes set out in the OSCOs.
- The Company, individually or in partnership with its Subsidiaries, has sufficient working capital for at least twelve (12) months immediately following the date of this Prospectus.
- Except as disclosed in Section 12.9 ("**Credit Facilities and Contracts**"), neither the Company nor its Subsidiaries have issued any debt instruments, nor does it have any term loans or any other outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments).
- As at the date of this Prospectus, there is no intention to materially change the nature of the Company or its Subsidiaries business, and there has been no interruption in the business of the Company or its Subsidiaries that may significantly affect or have affected its financial position in the last twelve (12) months.
- No commissions, discounts, brokerages or other non-cash compensations were granted by the Company or its Subsidiaries within the three (3) years immediately preceding application for registration and offer of securities in connection with the issue or sale of any securities.
- As at the date of this Prospectus, there has been no material adverse change in the financial or trading position of the Company or its Subsidiaries in the three (3) years immediately preceding the date of filing the application for registration and offering of securities. In addition to the period included in the Auditor's Report.

- The internal control measures and regulations were soundly prepared to establish a written policy that regulates present or potential conflicts of interest, including the misuse of the Company's assets and misfeasance resulting from transactions with Related Parties; in addition to safeguarding the security of financial and operational systems, and ensuring the implementation of appropriate supervisory measures to manage potential risks in accordance with Article 21 of the Corporate Governance Regulations. Furthermore, the members of the Board of Directors shall conduct annual reviews of the Company and its Subsidiaries' internal control measures.
- The Group's audited consolidated financial statements for the three years 2021G, 2022G and 2023G, and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G have been prepared in accordance with IFRS-KSA.
- The Company undertakes to provide the latest annual/Interim financial statements (as applicable), to be included in the preliminary Prospectus before the commencement of offering of the company's shares or in the final Prospectus, or to be announced before the listing of the company's shares (as applicable), in accordance with the periods specified in the relevant continuing obligations for listed companies.
- None of the Directors or the CEO will vote on resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.
- The Directors have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of securities and Continuing Obligations and Listing Rules.
- Except as disclosed in Section 12.9 ("**Credit Facilities and Contracts**"), there is no pledge, mortgage or financial burden on any of the Company or its Subsidiaries' assets.
- As at the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other existing arrangement involving the employees in the capital of the Company.
- Unless otherwise approved by the General Assembly, the Directors may not have a direct or indirect interest in the transactions and contracts conducted for the account of the Company.
- The Directors shall notify the Board of any direct or indirect personal interest they may have in the transactions and contracts conducted for the account of the Company, and this notification shall be recorded in the minutes of the Board of Directors meeting.
- There are no research and development policies adopted by the Company or its Subsidiaries, as at the date of this Prospectus.
- No Shares of the Company nor of its Subsidiaries are under option, as at the date of this Prospectus.
- The Directors, Secretary and Senior Executives have not at any time been declared bankrupt or been subject to bankruptcy proceedings.
- None of the companies in which any of the Directors, Senior Executives or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five (5) years preceding the date of this Prospectus.
- No powers exist giving any of the Directors the right to borrow money from the Company or its Subsidiaries.
- The Company is able to prepare the required reports in a timely manner, according to the implementing regulations issued by CMA.
- All necessary approvals were obtained for the offering of the Company's Shares in the stock market and for it to become a public joint stock company.
- The Company and its Subsidiaries do not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect the financial position.
- The statistical information used on page (xxiii) ("**Market Overview**") which is obtained from external sources represents the latest information available from its respective source.
- The Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its respective insurance policies and contracts regularly to ensure continued insurance coverage.
- All contracts and agreements that the Company believes are important or material or that may affect investors' decisions to invest in the Offering Shares have been disclosed, and there are no other material contracts and agreements that have not been disclosed.
- All terms and conditions that may affect investors' decisions to invest in the Offering Shares have been disclosed.

- As at the date of this Prospectus, there are no material contracts or transactions with related parties that have a significant effect on the Company's business, and the Company has no intention of entering into any new agreements with related parties, except as described in Section 12.8 ("**Transactions and Contracts with Related Parties**").
- All employees of the Company are under its sponsorship.
- As at the date of this Prospectus, none of the Board Members have been involved in any activities similar or competitive to the Company except as disclosed in Section 5.7 ("**Direct and Indirect Interests of Board Members, Board Secretary, and Executive Management**"). The Board Members undertake to comply with this regulatory requirement in the future in accordance with Article 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.
- Unless otherwise approved by the General Assembly, the Directors may not have a direct or indirect interest in the transactions and contracts entered into by the Company.
- None of the Directors or the CEO will vote on a contract or a proposal in which the Directors or the CEO have an interest.
- Neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

The Directors further declare complying with the provisions of Articles 71, and 72 of the Companies Law and Article 40 of the Corporate Governance Regulations with respect to contracts with Related Parties as follows:

- All transactions entered into by the Group with Related Parties shall be entered into on an arm's length basis, and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, or (if required by law), the Company's General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly.
- All transactions entered into with Related Parties and described in Section 5.6 ("**Conflict of Interest**") of this Prospectus, including determining the financial consideration for the engagement, have been carried out in a legal manner and on appropriate and fair commercial bases same as the transactions carried out with other third parties.
- As at the date of this Prospectus, the members of the Board of Directors have not participated, jointly or severally, in any activities similar or competitive with the activities of the Company or its Subsidiaries. The members of the Board of Directors further undertake to fulfil the requirements in the future, in accordance with Articles 27, 71, and 72 of the Companies Law, and Chapter 6 of Part Three of the Corporate Governance Regulations. Except as disclosed in Table 5.11 ("**Board Members taking part in activities similar to, or competing with, the Company's by being members in the Boards thereof or owning shares therein**").
- Neither the Directors nor any Senior Executive shall obtain a loan from the Company or its Subsidiaries, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the CEO declare that:

- The Directors and the CEO shall not have the right to vote on decisions relating to their fees and remuneration.

The Board of Directors also declares that:

- The internal control, accounting and IT systems of the Company are sufficient and adequate.
- That all terms and conditions that may affect the decisions of the Subscribers to invest in Offer Shares have been disclosed.
- The Company currently has no intention to sign any new contracts with Related Parties except to renew contracts with the Related Parties previously concluded and referred to in this Prospectus. In the event that the Company wishes to sign new contracts with Related Parties in the future, the Company shall comply with Articles 27, 71, and 72 of the Companies Law and Article 44 of the Corporate Governance Regulations.
- That as at the date of this Prospectus, the Shareholders whose names appear in Table 5.1 ("**Direct Ownership in the Company Pre and Post Offering**") of this Prospectus are the legal and beneficial owners of the Shares in the Company. The Board of Directors confirms that the Company's structure is consistent with the Foreign Investment Law.
- That all increases in the capital of the Company are in compliance with the laws and regulations applicable in the Kingdom.
- Neither the Company nor its Subsidiaries have any securities (contractual or otherwise) or any assets subject to fluctuation which would adversely and materially affect the general budget.
- Except as disclosed in Section 2 ("**Risk Factors**") hereof, neither the Company nor its Subsidiaries are aware of any information regarding any governmental, economic, financial, monetary or

political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations the operations of its Subsidiaries.

- Except as disclosed in Section 2 (“**Risk Factors**”) hereof, the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company and Subsidiaries operations or financial position.
- The Company and Subsidiaries have insurance policies with sufficient insurance coverage to carry out their activities. The Company and Subsidiaries renew their insurance policies regularly, to ensure continued insurance coverage and it took all appropriate security measures as per applicable industry practices.
- All agreements which the Company considers to be material or important or which have an impact on the decisions of investors to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.
- Except as disclosed in Section 2 (“**Risk Factors**”) hereof, and to the best of their knowledge and belief, there are no other material risks that may affect prospective investors’ decision to invest in the Offer Shares.
- Except as disclosed in Section 2.13 (“**Risks Related to Permits, Licenses, and Approvals Necessary for Company’s Business Operations**”) hereof, and as at the date of this Prospectus, the Company and Subsidiaries have obtained all necessary licenses and permits to carry out its activities.
- The Company is in compliance with all terms and conditions under the agreements with lenders granting loans, facilities and financing.
- The Directors shall record all Board of Directors resolutions and deliberations by means of written minutes of meetings, which shall be signed thereby.
- As at the date of this Prospectus, there has been no breach of the contractual terms with the banks providing loans.

12. Legal Information

12.1 Declarations Related to Legal Information

The members of the Board of Directors declare that:

- The Offering does not violate the applicable laws and regulations in the Kingdom.
- The Offering does not prejudice any contracts or agreements concluded by the Company.
- All material legal information relating to the Company has been disclosed in the Prospectus.
- Except as disclosed in Section 12.12 (“**Claims and Lawsuits**”) of this Prospectus, the Company is not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company.
- Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company.
- Except for matters disclosed in Table 5.11 (“**Board Members taking part in activities similar to, or competing with, the Company’s by being members in the Boards thereof or owning shares therein**”), the members of the Board of Directors and Senior Executives acknowledge that they did not jointly or severally participate in activities similar or competing with those of the Company or its Subsidiaries, and pledge to abide by the requirements of the Companies Law.

12.2 The Company

AlMajdiah is a leading real estate development company in the Kingdom of Saudi Arabia. The founding shareholders of AlMajdiah have a distinguished history in the real estate and property development sector spanning over fifty years. AlMajdiah has a proven track record having delivered over 15,000 residential and commercial units since its inception. AlMajdiah’s expertise in large-scale projects demonstrates its competence and in-depth knowledge of the market. Historically focused on Riyadh, the Company has benefited from the city’s growth to establish a strong presence in the market. Recently, the Company has begun expanding its activities in other Saudi cities with the aim of reaching new markets and meeting the growing demand for modern properties outside the capital. The Company’s expansion is in line with the goals of Saudi Vision 2030, which are to diversify the economy and enhance public service sectors such as housing.

AlMajdiah’s real estate portfolio features properties that are distinguished by their modern designs, high-quality finishes and comprehensive facilities, reflecting its commitment to durable and attractive properties suitable for a variety of clients, including individuals, families and companies. This focus on quality and customer satisfaction has positioned AlMajdiah as a leader in the real estate market.

AlMajdiah manages the entire real estate development process, starting from land acquisition and design, to construction, sales and facilities management. The Company partners with the best architectural and construction companies, while maintaining strict control over costs, quality and timelines. The Company’s real estate portfolio includes apartments, villas and commercial spaces in the most desirable neighborhoods in Riyadh. As at 31 December 2023G, AlMajdiah has developed over two million square meters, including 150 completed projects housing over 50,000 people in over 15,000 units.

The Company develops its projects under different ownership structures to strategically enhance its real estate portfolio, improve returns, reduce project risks and diversify financing. The Company maintains strong relationships with investors, banks and investment funds, enhancing its project financing capabilities. The Company also efficiently selects lands through its extensive network, working independently or through partnerships, which supports its growth and contributes to the economic development of the region on a larger scale.

AlMajdiah has built its reputation on a firm commitment to customer satisfaction, through its deep understanding and meeting the needs of its customers. The Company constantly strives to provide exceptional value and the highest level of service. This focus on customer satisfaction is reflected in every aspect of its operations, from initial consultations to the final delivery of products and services.

(For further details, please refer to Section 4.1 (“**Overview of the Company and its Business Activities**”).

12.3 Shareholding Structure

The following table shows the Company's shareholding structure pre and post-Offering:

Table 12.1: Company's Shareholding Structure Pre and Post Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Par Value (SAR)	Ownership Percentage	Number of Shares	Par Value (SAR)	Ownership Percentage
Dar AlMajed Holding Company	173,250,000	173,250,000	57.75%	121,275,000	121,275,000	40.43%
Rufaid Modern Investment Company	22,500,000	22,500,000	7.5%	15,750,000	15,750,000	5.25%
AWJ Real Estate Development and Investment Company	22,500,000	22,500,000	7.5%	15,750,000	15,750,000	5.25%
AlMajd AlAwla Real Estate Company	14,850,000	14,850,000	4.95%	10,395,000	10,395,000	3.47%
Khaled Abdulrahman AlMajed	11,880,000	11,880,000	3.96%	8,316,000	8,316,000	2.77%
Mohammed Abdulrahman AlMajed	11,880,000	11,880,000	3.96%	8,316,000	8,316,000	2.77%
Nasser Abdulrahman AlMajed	8,910,000	8,910,000	2.97%	6,237,000	6,237,000	2.08%
Abdulsalam Abdulrahman AlMajed	8,910,000	8,910,000	2.97%	6,237,000	6,237,000	2.08%
Hussam Abdulrahman AlMajed	8,910,000	8,910,000	2.97%	6,237,000	6,237,000	2.08%
Majed Abdulrahman AlMajed	8,910,000	8,910,000	2.97%	6,237,000	6,237,000	2.08%
Abdullah Abdulrahman AlMajed	4,500,000	4,500,000	1.5%	3,150,000	3,150,000	1.05%
Nader bin Hassan AlAmri	3,000,000	3,000,000	1%	2,100,000	2,100,000	0.70%
Public	-	-	-	90,000,000	90,000,000	30%
Total	300,000,000	300,000,000	100%	300,000,000	300,000,000	100%

Source: The Company

Details regarding the ownership of each Shareholder have been provided in Section 4.8 ("Overview of the Shareholders").

12.4 Subsidiaries

The Company holds direct and indirect ownership interests in the following Subsidiaries:

Table 12.2: Subsidiaries in which the Company Owns Shares

#	Subsidiary	CR No.	Capital (SAR)	Direct Interest (%)	Indirect Interest (%)
1	Hussam and Majed AlMajed Real Estate Company	1010425491	15,000,000	100%	0%
2	Mohammed and Khaled AlMajed Real Estate Company	1010159804	60,000,000	100%	0%
3	AlRaeah Real Estate Company	1010697309	100,000	100%	0%
4	Fikrat Istithmar Real Estate Development & Investment Company	1010569523	100,000	100%	0%
5	Nibras AlAmaken Real Estate Development Company	1010587134	100,000	100%	0%
6	Taj AlHodou Real Estate Development & Investment Company	1010586987	100,000	100%	0%
7	Jadat AlShat'e Real Estate Company	4030381446	500,000	70%	0%
8	Jadat AlRabe'a Real Estate Company	1010662510	100,000	25%	0%
9	Burj AlRaeah Real Estate Company	1009072138	500	-	50%

* For further details about Subsidiaries and their ownership, please refer to Section 4.7.1 ("Overview of Subsidiaries and Real Estate Funds").

Source: The Company

12.5 Government Consents, Licenses and Certificates

The Company and its Subsidiaries have obtained several regulatory and operational licenses and certificates from the relevant competent authorities, which are periodically renewed. The Board members declare that the Company obtained all licenses and approvals required to conduct its business. The following tables list licenses and certificates currently obtained by the Company and its Subsidiaries:

Table 12.3: List of Commercial Registration Certificates Obtained by the Company and its Subsidiaries

No.	Company	Location	CR Number	Issuance Date	Expiration Date
1	Dar AlMajed Real Estate Company	Riyadh, KSA, 6863 Riyadh 23463-13531	1010417874	20/08/1435H (corresponding to 18/06/2014G)	05/10/1449H (corresponding to 01/03/2028G)
2	Hussam and Majed AlMajed Real Estate Company	Riyadh, KSA, Riyadh, AlSahafa District, Olaya Street	1010425491	01/12/1435H (corresponding to 25/09/2014G)	21/12/1447H (corresponding to 07/06/2026G)
3	Mohammed and Khaled AlMajed Real Estate Company	Riyadh, KSA, Riyadh, AlSahafa District, Ahmed Shabana, Building 6563 Unit 3	1010159804	25/03/1421H (corresponding to 27/06/2000G)	07/07/1447H (corresponding to 27/12/2027G)
4	AlRaeah Real Estate Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	1010697309	18/08/1442H (corresponding to 31/03/2021G)	14/10/1450H (corresponding to 17/02/2029G)
5	Fikrat Istithmar Real Estate Development & Investment Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	1010569523	27/07/1440H (corresponding to 03/04/2019G)	27/07/1447H (corresponding to 16/01/2026G)
6	Nibras AlAmaken Real Estate Development Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	1010587134	10/11/1440H (corresponding to 13/07/2019G)	10/11/1449H (corresponding to 05/04/2028G)
7	Taj AlHodou Real Estate Development & Investment Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	1010586987	08/11/1440H (corresponding to 11/07/2019G)	03/03/1447H (corresponding to 26/08/2025G)
8	Jadat AlShat'e Real Estate Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	4030381446	09/10/1441H (corresponding to 01/06/2020G)	09/10/1447H (corresponding to 28/03/2026G)
9	Jadat AlRabe'a Real Estate Company	Riyadh, KSA, 3002 Jebel Kfah, AlQairawan District, Riyadh, 7441	1010662510	03/03/1442H (corresponding to 20/10/2020G)	03/03/1448H (corresponding to 16/08/2026G)
10	Burj AlRaeah Real Estate Company	Riyadh, KSA, 6843 Ahmed Shabana, 3475	1009072138	11/01/1446H (corresponding to 17/07/2024G)	11/01/1450H (corresponding to 04/06/2028G)

Source: The Company

Table 12.4: Details of Municipal Licenses Obtained by the Company and its Subsidiaries*

No.	Company	Location	Municipal License Number	Issuance Date	Expiry Date
1	Dar AlMajed Holding Company	Riyadh, KSA, 6863 Riyadh 2 3463-13531	40031918115	24/11/1438H (corresponding to 16/08/2017G)	24/11/1451H (corresponding to 28/03/2030G)
2	Hussam and Majed AlMajed Real Estate Company **	Riyadh, KSA, Riyadh, AlSahafa District, Olaya Street	40102416715	16/10/1438H (corresponding to 10/07/2017G)	16/10/1446H (corresponding to 14/04/2025G)
3	Mohammed and Khaled AlMajed Real Estate Company	Riyadh, KSA, Riyadh, AlSahafa District, Ahmed Shabana, Building 6563 Unit 3	40072075804	14/07/1440H (corresponding to 21/03/2019G)	14/07/1447H (corresponding to 03/01/2026G)
4	Jadat AlShat'e Real Estate Company	Riyadh, KSA, 3002 Jebel Kfah, AlQairawan District, Riyadh, 7441	451215977470	06/12/1445H (corresponding to 12/06/2024G)	06/12/1448H (corresponding to 12/05/2027G)
5	AlRaeah Real Estate Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	451215977258	06/12/1445H (corresponding to 12/06/2024G)	06/12/1450H (corresponding to 20/04/2029G)
6	Jadat AlRabe'a Real Estate Company	Riyadh, KSA, 3002 Jebel Kfah, AlQairawan District, Riyadh, 7441	451215975283	06/12/1445H (corresponding to 12/06/2024G)	06/12/1450H (corresponding to 20/04/2029G)
7	Fikrat Istithmar Real Estate Development & Investment Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	451215964951	26/12/1445H (corresponding to 02/06/2024G)	26/12/1448H (corresponding to 01/06/2027G)
8	Nibras AlAmaken Real Estate Development Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	451215974930	26/12/1445H (corresponding to 02/06/2024G)	26/12/1448H (corresponding to 01/06/2027G)
9	Taj AlHodou Real Estate Development & Investment Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	451215953156	26/12/1445H (corresponding to 02/06/2024G)	26/12/1448H (corresponding to 01/06/2027G)
10	Burj AlRaeah Real Estate Company*	Riyadh, KSA, 6843 Ahmed Shabana, 3475	-	-	-

Source: The Company

* The Company is in the process of obtaining the license.

** The Company is in the process of renewing the license.

Table 12.5: Details of Civil Defense Permits Obtained by the Company and its Subsidiaries

No	Company	Location	Permit Number	Issuance Date	Expiry Date
1	Dar AlMajed Holding Company	AlQairawan District, Riyadh	1-001486945-45	15/11/1445H (corresponding to 23/05/2024G)	15/11/1447H (corresponding to 02/05/2026G)
2	Hussam and Majed AlMajed Real Estate Company	AlQairawan District, Riyadh	1-001486964-45	15/11/1445H (corresponding to 23/05/2024G)	15/11/1447H (corresponding to 02/05/2026G)
3	Mohammed and Khaled AlMajed Real Estate Company	AlQairawan District, Riyadh	2-000300360-45	20/11/1445H (corresponding to 28/05/2024G)	20/11/1447H (corresponding to 07/05/2026G)
4	AlRaeah Real Estate Company	AlQairawan District, Riyadh	1-001512789-45	05/12/1445H (corresponding to 11/06/2024G)	05/12/1447H (corresponding to 22/05/2026G)
5	Fikrat Istithmar Real Estate Development & Investment Company	AlQairawan District, Riyadh	1-001486855-45	15/11/1445H (corresponding to 23/05/2024G)	15/11/1447H (corresponding to 02/05/2026G)
6	Nibras AlAmaken Real Estate Development Company	AlQairawan District, Riyadh	1-001486444-45	15/11/1445H (corresponding to 23/05/2024G)	15/11/1447H (corresponding to 02/05/2026G)
7	Taj AlHodou Real Estate Development & Investment Company	AlQairawan District, Riyadh	45-001486881-45	15/11/1445H (corresponding to 23/05/2024G)	15/11/1447H (corresponding to 02/05/2026G)
8	Jadat AlRabe'a Real Estate Company	AlQairawan District, Riyadh	1-001486935-45	15/11/1445H (corresponding to 23/05/2024G)	15/11/1447H (corresponding to 02/05/2026G)
9	Jadat AlShat'e Real Estate Company	AlNaeem, Jeddah,	1-001512795-45	05/12/1445H (corresponding to 11/06/2024G)	05/12/1447H (corresponding to 22/05/2026G)
10	Burj AlRaeah Real Estate Company*	Ahmed Shabana, Riyadh	-	-	-

Source: The Company

* The Company is in the process of obtaining the permit.

Table 12.6: Details of Chamber of Commerce Membership Certificates Obtained by the Company and its Subsidiaries

No.	Name and Location of Branch	Location	Certificate No.	Issuance Date	Expiration Date
1	Dar AlMajed Holding Company	Riyadh, KSA, 6863 Riyadh 2 3463-1351	76610	20/08/1435H (corresponding to 18/06/2014G)	05/10/1449H (corresponding to 01/03/2028G)
2	Hussam and Majed AlMajed Real Estate Company	Riyadh, KSA, Riyadh, AlSahafa District, Olaya Street	447107	07/08/1439H (corresponding to 23/04/2018G)	01/12/1447H (corresponding to 07/06/2026G)
3	Mohammed and Khaled AlMajed Real Estate Company	Riyadh, KSA, Riyadh, AlSahafa District, Ahmed Shabana, Building 6563 Unit 3	102998	26/03/1421H (corresponding to 28/06/2000G)	07/07/1447H (corresponding to 27/12/2025G)
4	AlRaeah Real Estate Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	631632	18/08/1442H (corresponding to 31/03/2021G)	14/10/1450H (corresponding to 17/02/2029G)
5	Fikrat Istithmar Real Estate Development & Investment Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	494636	27/07/1440H (corresponding to 03/04/2019G)	27/07/1447H (corresponding to 16/01/2026G)

No.	Name and Location of Branch	Location	Certificate No.	Issuance Date	Expiration Date
6	Nibras AlAmaken Real Estate Development Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	512874	11/11/1440H (corresponding to 14/07/2019G)	10/11/1449H (corresponding to 05/04/2028G)
7	Taj AlHodou Real Estate Development & Investment Company	Riyadh, KSA, 6843 Ahmed Bin Shabana Street, AlQairawan District, 3475	512691	10/11/1440H (corresponding to 13/07/2019G)	03/03/1447H (corresponding to 26/08/2025G)
8	Jadat AlShat'e Real Estate Company	Jeddah, KSA, 3238, AlNaeem, Ibn Fayed, Jeddah, 6461	-	09/10/1441H (corresponding to 01/06/2020G)	09/10/1447H (corresponding to 28/03/2026G)
9	Jadat AlRabe'a Real Estate Company	Riyadh, KSA, 3002 Jebel Kfah, AlQairawan District, Riyadh, 7441	592270	03/03/1442H (corresponding to 20/10/2020G)	03/03/1448H (corresponding to 16/08/2026G)
10	Burj AlRaeah Real Estate Company*	Riyadh, KSA, 6843 Ahmed Shabana, 3475	-	-	-

Source: The Company

* The Company is in the process of obtaining the certificate.

** The Company is in the process of renewing the license.

Table 12.7: Details of Real Estate Permits Licenses and Certificates for Ongoing Projects

2No	Project no.	Location	Document Number	Type	Issued To	Issued By	Issuance Date	Expiry Date
Building Permits*								
1	147	Narjis District, Riyadh, KSA	4924	Building Permit	Dawr Alshamal Real Estate Company	Riyadh Amana	15/03/1444H (corresponding to 11/10/2022G)	15/03/1447H (corresponding to 07/09/2025G)
2	148	Narjis District, Riyadh, KSA	1515	Building Permit	Real Estate Construction Opportunities Company	Riyadh Amana	24/01/1444H (corresponding to 22/08/2022G)	24/01/1447H (corresponding to 19/07/2025G)
3	151	Narjis District, Riyadh, KSA	9040	Building Permit (Residential – Plots 17, 172 and 174)	Jawhara Opportunity Real Estate Company	Riyadh Amana	21/05/1445H (corresponding to 05/12/2023G)	21/05/1448H (corresponding to 01/11/2026G)
4	151-2	Narjis District, Riyadh, KSA	21909	Building Permit (Residential – Plots 28 to 30)	Jawhara Opportunity Real Estate Company	Riyadh Amana	12/10/1445H (corresponding to 21/04/2024G)	12/10/1448H (corresponding to 20/03/2027G)
5	151-3	Narjis District, Riyadh, KSA	21911	Building Permit (Commercial – Plots 14 and 15)	Jawhara Opportunity Real Estate Company	Riyadh Amana	12/10/1445H (corresponding to 21/04/2024G)	12/10/1448H (corresponding to 20/03/2027G)
6	151-4	Narjis District, Riyadh, KSA	9034	Building Permit (Residential – Plots 8, 86, 88 and 90)	Jawhara Opportunity Real Estate Company	Riyadh Amana	21/05/1445H (corresponding to 05/12/2023G)	21/05/1448H (corresponding to 01/11/2026G)
7	151-5	Narjis District, Riyadh, KSA	9034	Building Permit (Residential – Plots 2, 27, 25 and 24)	Jawhara Opportunity Real Estate Company	Riyadh Amana	21/05/1445H (corresponding to 05/12/2023G)	21/05/1448H (corresponding to 01/11/2026G)
8	151-6	Narjis District, Riyadh, KSA	9041	Building Permit (Residential – Plots 3, 33, 32 and 31)	Jawhara Opportunity Real Estate Company	Riyadh Amana	21/05/1445H (corresponding to 05/12/2023G)	21/05/1448H (corresponding to 01/11/2026G)
9	151-7	Narjis District, Riyadh, KSA	9042	Building Permit (Commercial – Plots 9, 96, 94 and 92)	Jawhara Opportunity Real Estate Company	Riyadh Amana	21/05/1445H (corresponding to 05/12/2023G)	21/05/1448H (corresponding to 01/11/2026G)
10	151-9	Narjis District, Riyadh, KSA	9035	Building Permit (Residential – Plots 10, 9, 8, 7 and 6)	Jawhara Opportunity Real Estate Company	Riyadh Amana	21/05/1445H (corresponding to 05/12/2023G)	21/05/1448H (corresponding to 01/11/2026G)

2No	Project no.	Location	Document Number	Type	Issued To	Issued By	Issuance Date	Expiry Date
11	151-10	Narjis District, Riyadh, KSA	9039	Building Permit (Residential – Plots 12, 118 and 116)	Jawahra Opportunity Real Estate Company	Riyadh Amana	21/05/1445H (corresponding to 05/12/2023G)	21/05/1448H (corresponding to 01/11/2026G)
12	154	Narjis District, Riyadh, KSA	12695	Building Permit	AlRaeah Real Estate Company	Riyadh Amana	25/07/1444H (corresponding to 16/02/2023G)	25/07/1447H (corresponding to 14/01/2026G)
13	160	AlFaroq District, Riyadh, KSA	6672	Building Permit	Mansor Mut'eb Abdulaziz Al Saud	Riyadh Amana	13/04/1444H (corresponding to 07/11/2022G)	13/04/1447H (corresponding to 02/01/2026G)
14	162	Al Nakheel District, Riyadh, KSA	20722	Building Permit	AlRaeah Real Estate Company	Riyadh Amana	17/09/1445H (corresponding to 27/03/2024G)	17/09/1448H (corresponding to 24/02/2027G)
15	164	AlSulaimaniyah District, Riyadh, KSA	4512	Building Permit	AlKafa'ah Real Estate Company	Riyadh Amana	24/03/1445H (corresponding to 09/10/2023G)	24/03/1448H (corresponding to 06/09/2026G)
16	165	AlSulaimaniyah District, Riyadh, KSA	21330	Building Permit	AlRaeah Real Estate Company	Riyadh Amana	24/09/1445H (corresponding to 03/04/2024G)	24/09/1448H (corresponding to 03/03/2027G)
17	169	AlAsima District, Diriyah, Riyadh	11901	Building Permit	Emmar Opportunities Real Estate Company	Riyadh Amana	25/04/1446H (corresponding to 28/10/2024G)	25/04/1449H (corresponding to 26/09/2027G)
18	181	AlQairawan District, Riyadh, KSA	10389	Building Permit	Khawalid Real Estate Company	Riyadh Amana	17/06/1444H (corresponding to 10/01/2023G)	17/06/1447H (corresponding to 08/12/2025G)
Occupancy Certificates								
19	129	Narjis District, Riyadh, KSA	1445/14000	Occupancy Certificate	AlRaeah Real Estate Company	Riyadh Amana	21/10/1445H (corresponding to 30/04/2024G)	-
20	139C	AlMalga District, Riyadh, KSA	1446/469	Occupancy Certificate	Second Real Estate Development Co.	Riyadh Amana	09/01/1446H (corresponding to 15/07/2024G)	-
21	145	AlAqeeq District, Riyadh, KSA	1445/14466	Occupancy Certificate	Second Real Estate Development Co.	Riyadh Amana	01/11/1445H (corresponding to 09/05/2024G)	-
22	156	AlNada District, Riyadh, KSA	1430/5949	Occupancy Certificate	Abdullah Mohammed Bin Saedan and Sons Real Estate Co.	Riyadh Amana	26/12/1430H (corresponding to 13/12/2009G)	-
23	156	AlNada District, Riyadh, KSA	1430/5916	Occupancy Certificate	Abdullah Mohammed Bin Saedan and Sons Real Estate Co.	Riyadh Amana	25/12/1430H (corresponding to 12/12/2009G)	-
24	133	Narjis District, Riyadh, KSA	1446/7526	Occupancy Certificate	Second Real Estate Development Co.	Riyadh Amana	07/06/1446H (corresponding to 07/12/2024G)	-
Real Estate Developer Qualification Certificates								
25	-	-	2177808619	Real Estate Developer Qualification Certificate	Mohammed and Khaled AlMajed Real Estate Company	MoMAH	16/05/1442H (corresponding to 31/12/2020G)	-
26	-	-	2176338722	Real Estate Developer Qualification Certificate	Hussam and Majed AlMajed Real Estate Company	MoMAH	15/05/1442H (corresponding to 30/12/2020G)	-
27	-	-	2176109282	Real Estate Developer Qualification Certificate	Dar AlMajed Real Estate Company	MoMAH	27/05/1442H (corresponding to 11/01/2021G)	-
28	-	-	504	Real Estate Developer Qualification Certificate for real estate units off-plan sale	Dar AlMajed Real Estate Company	REGA	24/04/1442H (corresponding to 09/12/2020G)	28/06/1448H (corresponding to 08/12/2026G)
Real Estate Brokerage and Marketing License								
29	-	-	1200017342	Real Estate Brokerage and Marketing License	Dar AlMajed Real Estate Company	REGA	12/02/1445H (corresponding to 28/08/2023G)	07/04/1450H (corresponding to 28/08/2028G)

* The Company confirmed that construction work for the following projects: 168, 169 (Sarh) and Meshraf AlMajdiah in Madinah has not yet begun and therefore the Company is not required to obtain building permits for said projects yet. The Company explained that the occupancy permits for project 133 have not yet been issued but the Company is working on completing the procedures to issue such permits.

* The Company is currently working on obtaining off-plan sales licenses from the Off-Plan Sales and Lease Committee (overseen by the Real Estate General Authority) for projects 168 and Al Madinah.

Source: The Company

12.6 Material Agreements

The Company has entered into thirty-five (35) material agreements with multiple parties. This section sets out summaries of agreements and contracts that the Company's Board of Directors believe may be material or significant in relation to the Company's business or which may affect investors' decision to subscribe for the Offer Shares. The summary of the agreements and contracts referred to below does not include all the terms and conditions and the summary cannot be considered a substitute for the terms and conditions contained in such agreements.

12.6.1 Material Project Agreements

12.6.1.1 AlMajdiah 129

Table 12.8: Investment Agreement dated 10/09/1442H (corresponding to 22/04/2021G)

Owner	Owner No. 1
Developer	Dar AlMajed Real Estate Company.
Project description	The development and sale of residential apartments by the Developer on the land owned by the Owner.
Contract Value	The contract value is estimated to be SAR 90,000,000 that covers land, labor, materials and third-party fees. The Developer's obligation is equal to SAR 48,300,000 for the construction works.
Works Commencement Date	Date of acquiring a building permit.
Works Completion Date	- 12 months from the Works Commencement Date. - The Developer is obliged to ensure that the profits from sale are to be distributed monthly.
Terms of Penalties / Delay Penalties	Neither party may rely on an event which causes a delay in their obligations as a reason for such delay unless both parties agree in writing that such event may be relied upon, with the exception of reasons that are agreed upon by real estate and development experts.
Payments	- The Owner is entitled to 50% of the profits for his share in the projects value. - The Developer is entitled to 50% of the profits for his share in the projects value.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	- Arabic.
Termination	- Not provided.
Dispute Resolution	In the event that it is not possible to solve a dispute amicably, the competent courts in the City of Riyadh, Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in Saudi Arabia.
Assignment and Subcontracting	Either party may assign the Agreement after obtaining written consent from the other party, with any assignee obliged to act in accordance with the clauses in the Agreement.
Other key terms	- The Parties agree to pay an amount equal to 25% of the land value to Erth Al Awtan Real Estate Development Company as brokerage fees. - The Developer must obtain the written consent of the Owner in the event that it wishes to mortgage the land.

Source: The Company

Table 12.9: Construction Agreement dated 09/09/2021G

Employer	Dar AlMajed Real Estate Company.
Contractor	Tasheed British Construction Company.
Project description	Construction works for residential apartments.
Contract Value	SAR 52,920,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Works Completion Date	11 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - agreement between the parties; - delay in payment by the Employer; and - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	The Contractor is obligated to pay a penalty of 1% for every week of delay capped at 15% of the Contract Value.
Defect Liability Period	10 years for the structural, foundation and isolation works. 10 years for the flooring works from the take-over date. 10 years for doors works from the take-over date. 10 years for the aluminum windows works from the take-over date. 10 years for painting works from the take-over date.
Payments	15% advance payment and 10 instalments payable upon reaching specific milestones.
Security	A promissory note for SAR 5 million released after the issuance of the final take-over certificate. Personal guarantee by the manager of the Contractor.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	Grounds to terminate the contract by the Employer include: - breach by the Contractor; - the Contractor becomes bankrupt or insolvent; - the Contractor commits bribery; and - if the owner or the Contractor deceased, and the legal entity of the contractor became an individual establishment.
Dispute Resolution	Disputes are resolved by arbitration according to rules of the Saudi Commercial Arbitration Center.
Assignment and Subcontracting	The Contractor may not assign the agreement, in part or in whole, to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the scope by 20% of the Contract Value.

Source: The Company

12.6.1.2 AlMajdah 133

Table 12.10: Development Agreement dated 10/09/1443H (corresponding to 11/04/2022G)

Owner	Owner No. 2
Developer	Dar AlMajed Real Estate Company.
Project description	Development and sale of 220 residential apartments by the Developer on the land owned by the Owner.
Contract Value	SAR 78,000,000.
Works Commencement Date	10/09/1443H (corresponding to 11/04/2022G)
Works Completion Date	- 18 months from the Works Commencement Date. - The Developer is obliged to ensure that the Project is ready for sale twenty-four (24) months from the date of the signature of the Development Agreement.
Terms of Penalties / Delay Penalties	In the event that the Developer does not complete the works by the Works Completion Date, the Developer must pay a penalty of 1% of the total project value for every week of delay, which is capped at 10% of the total project value.
Warranties	- The Developer is responsible for all warranties related to the Project after the sale to the final consumer, including but not limited to: building foundation, plumbing works, and electricity works. - The Developer must provide warranties to the Owner and the buyers of each residential unit in the project for a term in accordance with what is standard in the Kingdom of Saudi Arabia in relation to the works in the project.
Payments	- The estimated project cost is agreed to be SAR 78,000,000 with the first instalment with a value of SAR 7,800,000 is due upon signature of the Development Agreement, and no other payment will be made until confirmation from the engineering consultant and accountant is obtained that 70% of such first instalment has been utilized towards the Project. - The Owner may withhold 5% of each instalment due to the Developer, which is payable upon the earliest of the Developer's provision of a building completion certificate or the subdivision of the residential unit title deeds.
Governing Law	- Kingdom of Saudi Arabia.
Governing Language	- Arabic.
Termination	- The Agreement may be terminated by: - Written consent between the Parties. - A breach or default by either party of the conditions or terms of the Agreement, such breach not being remedied within sixty (60) days of written notice from the non-defaulting party. In this event the defaulting party cannot claim compensation resulting from the termination of the Agreement, whereas the non-defaulting party reserves the right to claim compensation for any loss or harm caused as a result of such breach. - A delay by the Developer in commencing the works, or if the Owner determines that the works cannot be completed within the specified period, subject to the Owner providing written notice to the Developer of such delay and the Developer has not carried out the necessary remedial works within thirty (30) days of such written notice. - If the Developer fails to meet the specified terms / periods of the Agreement or the development services, and does not remedy such failure or breach within thirty (30) days' notice of such breach.
Dispute Resolution	- The Parties must resolve any dispute by meeting, within ten (10) days of receiving written notice from the other party, in good faith to resolve such dispute. - In the event that the dispute is not resolved within twenty (20) days of receiving written notice, the Parties agree to resolve the dispute through arbitration in accordance with the Arbitration Law in the Kingdom of Saudi Arabia. Each party shall appoint an arbitrator on its behalf, and both arbitrators shall appoint a third arbitrator as the presiding arbitrator, all three together forming the Arbitration Authority. The place of arbitration shall be Riyadh, Kingdom of Saudi Arabia and the arbitration shall be in Arabic. The Arbitration Authority has the exclusive jurisdiction to hear and decide any case, dispute or procedure arising from the Agreement or in connection with it.
Assignment and Subcontracting	- The Developer may sub-contract to other contractors to the extent that it is in the best interest of the Owner and the Project. At all times, the Developer remains liable to the Owner and any sub-contracting does not diminish or release the Developer of any of its liabilities towards the Owner. - Neither party may assign the Agreement or any rights or obligations arising from it in part or in whole without the prior written consent of the other party.
Other key terms	- The Developer is responsible for any harm caused to the Project premises or in the Project or any persons in it as a result of any default of breach of the terms and conditions of the Development Agreement or as a result of any error on the Developer's part or any of its employees or sub-contractors appointed by it. - The Developer is responsible for subdividing the title deed for several residential units and issuing a title deed for each residential unit.

Source: The Company

Table 12.11: Construction Agreement dated 14/06/1443H (corresponding to 17/01/2022G)

Employer	Dar AlMajed Real Estate Company.
Contractor	Tasheed British Construction Company.
Project description	Employer to contract the Contractor to complete construction works for the project in Riyadh comprising 14 buildings and 220 residential units.
Contract Value	SAR 59,400,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor and receipt of the advance payment.
Works Completion Date	- 12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - Delay in issuance of the municipality license. - Delay in payment by the employer. - Any reason out of the control of the Parties.
Terms of Penalties / Delay Penalties	- In the event that the Contractor does not complete the works by the Works Completion Date, the Contractor must pay a penalty of 2.5% of the total project value for every week of delay, which is capped at 10% of the total project value.
Defect Liability Period	- The Contractor guarantees the works he is assigned to carry out according to the contract documents and drawings to their degree against defects in their manufacture or implementation, and he must also repair the non-conforming works quickly and at his full expense during the warranty period. - The Contractor guarantees the isolation works for (10) years starting from the primary handover date of the Project. - The Contractor guarantees the structural works for (10) years starting from the primary handover date of the Project. - The Contractor guarantees the remaining works for a period of one (1) year from the primary handover date and must provide certificates from the direct suppliers for any supplies or work that requires a warranty period longer than one (1) year.
Payments	- The payment schedule consists of an advance payment and 20 instalments, noting that such instalments are stages of completion based and are paid according to the certain completion percentages of the total Contract Value. - The Employer may withhold 10% of each instalment due to the contractor, 5% of which is payable on the primary handover date, and the remaining 5% of which is payable on the final handover date.
Security	- A promissory note for 10% of the Contract Value released after the Contractor completes the structural works.
Governing Law	- Kingdom of Saudi Arabia.
Governing Language	- Arabic.
Termination	- There is no express right to terminate the Agreement. The Employer may withdraw the works if the Contractor stops the work for fifteen (15) days without reason or force majeure event, having given the Contractor formal notice of the same and allowed the Contractor fifteen (15) days to rectify the situation.
Dispute Resolution	- The parties must solve any dispute amicably and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	- The Contractor may not assign the Agreement, in part or in whole, to a third party without the prior written consent of the Employer.
Other key terms	- Neither party is responsible for delay or performance of the obligations if such delay was resulted from out-of-control events.

Source: The Company

12.6.1.3 AlMajdah 139C

Table 12.12: Development Agreement dated 20/08/1443H (corresponding to 23/03/2022G)

Owner	Owner No. 2.
Developer	Dar AlMajed Real Estate Company.
Project description	Development and sale of 162 residential apartments by the Developer on the land owned by the Owner.
Contract Value	Development cost is SAR 63,000,000 (Development Fees are 10% of Development Cost).
Works Commencement Date	Date of the agreement
Works Completion Date	- 18 months from the Works Commencement Date. - The Developer is obliged to ensure that the Project is ready for sale twenty four (24) months from the date of the signature of the Development Agreement.
Terms of Penalties / Delay Penalties	In the event that the Developer does not complete the works by the Works Completion Date, the Developer must pay a penalty of 1% of the total project value for every week of delay, which is capped at 10% of the total project value.
Warranties	- The Developer is responsible for all warranties related to the Project after the sale to the final consumer, including but not limited to: building foundation, plumbing works, and electricity works. - The Developer must provide warranties to the Owner and the buyers of each residential unit in the project for a term in accordance with what is standard in the Kingdom of Saudi Arabia in relation to the works in the project.
Payments	- The estimated project cost is agreed to be SAR 63,000,000 with the first instalment with a value of SAR 6,300,000 is due upon signature of the Development Agreement, and no other payment will be made until confirmation from the engineering consultant and accountant is obtained that 70% of such first instalment has been utilized towards the Project. - The Owner may withhold 5% of each instalment due to the Developer, which is payable upon the earliest of the Developer's provision of a building completion certificate or the subdivision of the residential unit title deeds.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	The Agreement may be terminated by: - Written consent between the Parties. - A breach or default by either party of the conditions or terms of the Agreement, such breach not being remedied within sixty (60) days of written notice from the non-defaulting party. In this event the defaulting party cannot claim compensation resulting from the termination of the Agreement, whereas the non-defaulting party reserves the right to claim compensation for any loss or harm caused as a result of such breach. - A delay by the Developer in the commencing of the works, or if the Owner determines that the works cannot be completed within the specified period, subject to the Owner providing written notice to the Developer of such delay and the Developer has not carried out the necessary remedial works within thirty (30) days of such written notice. - If the Developer fails to meet the specified terms / periods of the Agreement or the development services, and does not remedy such failure or breach within thirty (30) days' notice of such breach.
Dispute Resolution	- The Parties must resolve any dispute by meeting, within ten (10) days of receiving written notice from the other party, in good faith to resolve such dispute. - In the event that the dispute is not resolved within twenty (20) days of receiving written notice, the Parties agree to resolve the dispute through arbitration in accordance with the Arbitration Law in the Kingdom of Saudi Arabia. Each party shall appoint an arbitrator on its behalf, and both arbitrators shall appoint a third arbitrator as the presiding arbitrator, all three together forming the Arbitration Authority. The place of arbitration shall be Riyadh, Kingdom of Saudi Arabia and the arbitration shall be in Arabic. The Arbitration Authority has the exclusive jurisdiction to hear and decide any case, dispute or procedure arising from the Agreement or in connection with it.

Source: The Company

Table 12.13: Construction Agreement dated 12/08/1443H (corresponding to 15/03/2022G)

Employer	Dar AlMajed Real Estate Company.
Contractor	AlOmran AlHadeeth for Contracting.
Project description	Employer to contract the Contractor to complete construction works for the project in Riyadh comprising 162 residential units.
Contract Value	SAR 50,250,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor and receipt of the advance payment.
Works Completion Date	- 14 months from the Works Commencement Date.
Extensions of time	Only for reasons out of the control of the Parties.
Terms of Penalties / Delay Penalties	- In the event that the Contractor does not complete the works by the Works Completion Date, the Contractor must pay a penalty of 1% of the total project value for every week of delay, which is capped at 5% of the total project value.
Defect Liability Period	- The Contractor guarantees the works he is assigned to carry out according to the contract documents and drawings against defects in their manufacture or implementation, and he must also repair the non-conforming works quickly and at his full expense during the warranty period. - The Contractor guarantees the structural works for (10) years starting from the primary handover date of the Project. - The Contractor guarantees the remaining works for a period of one (1) year from the primary handover date and must provide certificates from the direct suppliers for any supplies or work that requires a warranty period longer than one (1) year.
Payments	The payment schedule consists of an advance payment and 19 instalments, noting that such instalments are stages of completion based and are paid according to the certain completion percentages of the total Contract Value.
Security	A promissory note for 10% of the Contract Value released after the Contractor completes the structural works.
Governing Law	- Kingdom of Saudi Arabia.
Governing Language	- Arabic.
Termination	- There is no express right to terminate the Agreement. The Employer may withdraw the works if the Contractor stops the work for fifteen (15) days without reason or force majeure event, having given the Contractor formal notice of the same and allowed the Contractor fifteen (15) days to rectify the condition.
Dispute Resolution	- The parties must solve any dispute amicably and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.

Source: The Company

12.6.1.4 AlMajdiah 145

Table 12.14: Development Agreement dated 10/09/1443H (corresponding to 11/04/2022G)

Owner	Owner No. 2.
Developer	Dar AlMajed Real Estate Company.
Project description	Development and sale of residential apartment buildings consisting of 96 apartments by the Developer on the land owned by the Owner.
Contract Value	Development Costs are SAR 35,520,000 (Development Fees are 10% of Development Costs)
Works Commencement Date	Date of execution (11/04/2022G).
Work Completion Date	- 18 months from the works commencement date
Terms of Penalties / Delay Penalties	In the event that the Developer does not complete the works in accordance with the specified timing schedule, the Developer must pay a penalty of 1% of the total Project value for every week of delay, which is capped at 10% of the total amounts due to the Developer.
Warranties	- The Developer is responsible for all warranties related to the Project after the sale to the final consumer, including but not limited to: building, plumbing, and electricity.
Payments	- 10% of the Development Cost is to be paid in advance, and once 70% of the advance payment has been utilized by the developer, the remainder of the Development Cost is to be paid based on the rate of project completion periodically. - Owner may withhold the final 5% of the Development Fees until the earlier of the building completion certificate being issued or the unit title deeds are issued.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	- Mutual agreement to terminate between the parties. - A breach / default by either of the parties under the agreement which continues for 60 days from the date of a breach notice. - A delay in the execution or commencement of the work by the developer and the owner is of the opinion that the developer will not be able to complete the works in accordance with the project timeline, subject to the owner providing the developer with notice regarding the delay in works and no actions are taken by the developer to rectify the situation within 30 days of the delay notice.
Dispute Resolution	- In the event that the dispute is not resolved within twenty (20) working days of the dispute arising, the dispute shall be referred to the arbitration in the Kingdom of Saudi Arabia in accordance with the rules of the Saudi Center for Commercial Arbitration.

Source: The Company

12.6.1.5 AlMajdiah 147

Table 12.15: Development Agreement dated 19/07/1443H (corresponding to 20/02/2022G)

Owner	Owner No. 3.
Developer	Dar AlMajed Real Estate Company.
Project description	Development and sale of residential apartment buildings consisting of about 312 apartments by the Developer on the land owned by the Owner.
Contract Value	SAR 110,000,000.
Works Commencement Date	After the Capital Market Authority approves the establishment of funds, and when the funds needed are allocated to the Developer.
Terms of Penalties / Delay Penalties	In the event that the Developer does not complete the works in accordance with the specified timing schedule, the Developer must pay a penalty of 1% of the total Project value for every week of delay, which is capped at 10% of the total amounts due to the Developer.
Warranties	The Developer is responsible for all warranties related to the Project after the sale to the final consumer, including but not limited to: building, plumbing, and electricity.
Payments	The payment schedule consists of 4 instalments, to be paid according to specific completion percentages of the total Contract Value.
Governing Law	- Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	- The Owner has the right to terminate the Agreement in the following events: - A delay in the execution or commencement of the work due to reasons attributed to the Developer, such delay not being rectified within 3 weeks of receiving email notification such delay. - A breach by the Developer of the provisions of the Agreement due to reasons attributed to the Developer, such breach not being rectified within 3 weeks of receiving email notification such breach. - In the event that the Owner does not obtain: the consent of the Capital Market Authority, the listing of the units of the fund, the amounts required for the Project or if it cannot purchase the lands for any reason. - The Developer has the right to terminate the Agreement in the event that there is a default by the Owner of its obligations under the Agreement due to reasons attributed to the Developer, such breach not being rectified within 3 weeks of receiving email notification such delay.
Dispute Resolution	In the event that the dispute is not resolved within thirty (30) days of the dispute arising, the dispute shall be referred to the competent courts in the city of Riyadh, Kingdom of Saudi Arabia.
Other key terms	The Developer shall invest in the fund in an amount which does not fall below SAR 40 million in Equity in the fund in the form of units in exchange for a portion of the development works.

Source: The Company

Table 12.16: Construction Agreement dated 20/06/2022G

Employer	Dar AlMajed Real Estate Company.
Contractor	Ahmad Atef Al Qadi & Partners Co. Ltd.
Project description	Construction work for 312 residential apartments.
Contract Value	SAR 92,000,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Works Completion Date	14 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - Agreement between the parties. - delay in payment by the Employer. - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	The Contractor is obligated to pay a penalty of 1% for every week of delay capped at 15% of the Contract Value.
Defect Liability Period	10 years for the structural, foundation and isolation works. 5 years for the flooring works from the take-over date. 5 years for doors works from the take-over date. 5 years for the aluminum windows works from the take-over date. 5 years for painting works from the take-over date.
Payments	15% advance payment and 18 instalments payable upon reaching specific milestones.
Security	A promissory note for 10% cancelled after the issuance of the final take-over certificate. Personal guarantee by the manager of the Contractor.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	Grounds to terminate the contract by the Employer include: - breach by the Contractor; - the Contractor becomes bankrupt or insolvent; - the Contractor commits bribery; and - if the owner or the Contractor deceased, and the legal entity of the contractor became an individual establishment.
Dispute Resolution	Disputes are settled through the competent courts in Riyadh.
Assignment and Subcontracting	The Contractor may not assign the Agreement, in part or in whole, to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the scope by 20% of the Contract Value.

Source: The Company

12.6.1.6 AlMajdiah 148

Table 12.17: Investment Agreement dated 05/07/1443H (corresponding to 06/02/2022G)

Owner	Owner No. 1.
Developer	AlRaeah Real Estate Company.
Project description	Development and sale of residential apartments by the Developer on the land owned by the Owner.
Contract Value	The contract value is estimated to be SAR 100,000,000 that covers land, labor, materials and third-party fees. The Developer's obligation is equal to 50% of the contract value, and is divided as follows: SAR 47,286,900 for the construction works and SAR 2,713,100 as a 5% VAT payment for the price of the land.
Works Commencement Date	Date of acquiring a building permit.
Works Completion Date	12 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	N/A.
Payments	- The Owner is entitled to 50% of the profits for his share in the Projects value. - The Developer is entitled to 50% of the profits for his share in the Projects value.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	Not provided.
Dispute Resolution	In the event that it is not possible to resolve a dispute amicably, within a period of 30 days from the date on which the dispute arose, the competent courts in the City of Riyadh, Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in Saudi Arabia.
Assignment and Subcontracting	Either party may assign the Agreement after obtaining written consent from the other party, with any assignee obliged to act in accordance with the clauses in the Agreement.
Other key terms	- The Parties agree that the Developer shall pay an amount equal to 25% of the land value to Erth Al Awtan Real Estate Development Company as brokerage fees. - The Developer must obtain the written consent of the Owner in the event that it wishes to mortgage the land.

Source: The Company

Table 12.18: Construction Agreement dated 16/01/2024G

Employer	Dar AlMajed Real Estate Company.
Contractor	Ahmad Atef Al Qadi & Partners Co. Ltd.
Project description	Construction work for 70 residential buildings.
Contract Value	SAR 29,500,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Works Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - agreement between the parties - delay in payment by the Employer. - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	The Contractor is obligated to pay a penalty of 25% for every week of delay capped at 10% of the Contract Value.
Defect Liability Period	10 years for the structural, foundation and isolation works. 1 year for the flooring works from the take-over date. 1 year for doors works from the take-over date. 1 year for the aluminum windows works from the take-over date. 1 year for painting works from the take-over date.
Payments	10% advance payment. The remaining instalments shall be payable upon reaching specific milestones.
Security	A promissory note for 10% cancelled after the issuance of the final take-over certificate.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	Grounds to terminate the contract by the Employer include: - breach by the Contractor; - the Contractor becomes bankrupt or insolvent; - the Contractor commits bribery; and - if the owner or the Contractor deceased, and the legal entity of the contractor became an individual establishment.
Dispute Resolution	Disputes are settled through the competent courts in Riyadh.
Assignment and Subcontracting	The Contractor may not assign the Agreement, in part or in whole, to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the scope by 20% of the Contract Value.

Source: The Company

Table 12.19: Development Agreement dated 29/06/1443H (corresponding to 01/02/2022G)

Owner	AlRaeah Real Estate Company.
Developer	Dar AlMajed Real Estate Company.
Project description	Development and sale of residential apartment buildings consisting of apartments by the Developer on the land owned by the Owner.
Contract Value	SAR 47,286,900.
Works Commencement Date	29/06/1443H (corresponding to 01/02/2022G).
Works Completion Date	18 months from the Works Commencement Date, and may be extended for a period of 3 additional months, provided that both parties agree to such in writing.
Terms of Penalties / Delay Penalties	N/A.
Warranties	The Developer is responsible for all warranties related to the Project after the sale to the final consumer, including but not limited to: building foundation, plumbing works, and electricity works.
Payments	The Developer is entitled to 10% of the Project cost as development costs.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	None.
Dispute Resolution	In the event that the dispute is not resolved within thirty (30) days of the dispute arising, the dispute shall be referred to the competent courts in the city of Riyadh, Kingdom of Saudi Arabia.
Assignment and Subcontracting	N/A.
Other key terms	The land is owned by a subsidiary of the Developer and the Agreement is a related party agreement.

Source: The Company

12.6.1.7 AlMajdah 151

Table 12.20: Design, Planning, Development and Implementation of Infrastructure Works Agreement dated 04/01/1444H (corresponding to 02/08/2022G)

Owner	Owner No. 8
Developer	Dar AlMajed Real Estate Company.
Project description	Development of infrastructure (including roads, electric connections, water connections, sewage systems, drainage systems, lighting etc.)
Contract Value	Value of the Development Costs is SAR 20,000,000 (with 10% of the same in Development Fees payable to the Developer).
Works Commencement Date	The date that the development designs and plans are approved and the parties sign meeting minutes confirming the commencement of the project.
Work Completion Date	12 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	Developer must pay a penalty of 1% of the total Development Fees for every day of delay, which is capped at 10% of the total Development Costs (i.e. the full amount of the Development Fees).
Warranties	Developer ought to procure the minimum defect liability period of 12 months in any contract entered into with the relevant project contractors. This minimum of 12 months also applies to all other warranties such as (but not limited to) all equipment, machinery, plumbing, etc. Developer also warrants to rectify and fix any defects determined as a result of the negligence or wilful misconduct of the Developer or any of its contractors.
Payments	10% of the Development Cost is to be paid in advance, and once 70% of the advance payment has been utilized by the developer, the remainder of the Development Cost is to be paid based on the rate of project completion periodically. Owner may withhold the final 10% of the Development Cost until final handover of the project.
Governing Law	Kingdom of Saudi Arabia.

Governing Language	Arabic.
Termination	Owner has the right to terminate the agreement in the following events: - a delay in the execution or commencement of the work due to reasons attributed to the Developer, such delay not being rectified within 60 working days of receiving notification such delay; - a breach by the Developer of the provisions of the agreement due to reasons attributed to the Developer, such breach not being rectified within 10 working days of receiving notification of such breach; - direct / indirect fraud or negligence by the Developer; - the refusal or negligence of the Developer in following the Owner's instructions within 30 days of receiving such instructions (without a fair reason); - the transfer of the agreement in whole by the Developer to a different developer without the consent of the Owner. Both Developer and Owner have the right to terminate the agreement in the event that there is a default by the counterparty of its obligations under the agreement, and the breach continues for 10 working days after notice of such breach without rectification. Both parties may mutually agree to terminate the Agreement in writing.
Dispute Resolution	In the event that the dispute is not resolved amicably within 5 working days between the parties, then within a further fifteen (15) working days of the dispute arising, the dispute shall be referred to the competent courts in the city of Riyadh, Kingdom of Saudi Arabia.
Other key terms	N/A

Source: The Company

Table 12.21: Construction Agreement dated 19/08/1445H (corresponding to 29/02/2024G)

Employer	Dar AlMajed Real Estate Company.
Contractor	Tatweej Contracting Company.
Project description	Turnkey construction contract for the construction and handover of 115 mixed use units in the Athiya Project.
Contract Value	SAR 49,665,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor pursuant to handover minutes signed between the parties.
Works Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - delay in payment by the Employer for a period exceeding 10 days (extension period to only cover the same period of delay); - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	2.5% for every week of delay capped at 10% of the Contract Value.
Warranties	- Ten (10) years structural warranty commencing from the date of practical completion. - One (1) year defect liability period commencing from the date of practical completion. - Any other warranties with a period longer than one (1) year to be provided to Employer.
Payments	10% advance payment and 10 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia.
Security	A performance guarantee representing 10% of the contract price provided by Contractor to Employer and returned to the Contractor upon handover of project to Employer.

Termination	Grounds to terminate the contract by the Employer include: - If Contractor does not commence its works within a period of 5 days from the date of handover. - If Contractor vacates or leaves the site for 10 days or is slow in undertaking its works to the extent that the technical consultant determines that the Contractor will not be able to complete the works by the agreed upon deadline (after being warned pursuant to a written notice). - If the Contractor assigns its rights (in whole or in part) under the Agreement without obtaining the Employer's written consent. - If the Contractor breaches any of its obligations under the Agreement, or abstains from undertaking any works and does not cure such breach after being notified from the Employer or its technical consultant. - the Contractor becomes bankrupt or insolvent. - In case the Contractor was an establishment, and its owner is deceased.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	Contractor shall pay for all insurance related expenses relating to the project and provide the invoices/ receipts to the Employer for payment.

Source: The Company

Table 12.22: Construction Agreement dated 25/02/1446H (corresponding to 29/02/2024G)

Employer	Dar AlMajed Real Estate Company.
Contractor	Tatweej Contracting Company.
Project description	Turnkey construction contract for the construction and handover of 116 built mixed use units in the Athiya Project.
Contract Value	SAR 74,243,750.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor pursuant to handover minutes signed between the parties.
Works Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - delay in payment by the Employer for a period exceeding 10 days (extension period to only cover the same period of delay); - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	25% for every week of delay capped at 10% of the Contract Value.
Warranties	- Ten (10) years structural warranty commencing from the date of practical completion. - One (1) year defect liability period commencing from the date of practical completion. - Any other warranties with a period longer than one (1) year to be provided to Employer.
Payments	10% advance payment and 10 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia.
Security	A performance guarantee representing 10% of the contract price provided by Contractor to Employer and returned to the Contractor upon handover of project to Employer.
Termination	Grounds to terminate the contract by the Employer include: - If Contractor does not commence its works within a period of 5 days from the date of handover. - If Contractor vacates or leaves the site for 10 days or is slow in undertaking its works to the extent that the technical consultant determines that the Contractor will not be able to complete the works by the agreed upon deadline (after being warned pursuant to a written notice). - If the Contractor assigns its rights (in whole or in part) under the Agreement without obtaining the Employer's written consent. - If the Contractor breaches any of its obligations under the Agreement, or abstains from undertaking any works and does not cure such breach after being notified from the Employer or its technical consultant. - the Contractor becomes bankrupt or insolvent. - In case the Contractor was an establishment, and its owner is deceased.

Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	Contractor shall pay for all insurance related expenses relating to the project and provide the invoices/ receipts to the Employer for payment.

Source: The Company

12.6.1.8 AlMajdiah 154

Table 12.23: Investment Agreement dated 02/11/1443H (corresponding to 01/06/2022G)

Owner	Owner No. 1.
Developer	Dar AlMajed Real Estate Company.
Project description	Development and sale of residential apartments by the Developer on the land owned by the Owner.
Contract Value	The contract value is estimated to be SAR 100,000,000 that covers land, labor, materials and third-party fees. The Developer's obligation is equal to SAR 40,707,924.50 for the construction works.
Works Commencement Date	Date of acquiring a building permit.
Works Completion Date	12 months from the Works Commencement Date. The Parties agreed that the twelve-month period shall be approximate; however, under the terms of the agreement, the Company is obligated to manage and execute the entire sales process for the project.
Terms of Penalties / Delay Penalties	N/A
Payments	- The Owner is entitled to 50% of the profits for his share in the projects value. - The Developer is entitled to 50% of the profits for his share in the projects value.
Governing Law	Saudi Arabia.
Governing Language	Arabic.
Termination	Not provided.
Dispute Resolution	In the event that it is not possible to resolve a dispute amicably, the competent courts in the City of Riyadh, Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in Saudi Arabia.
Assignment and Subcontracting	Either party may assign the agreement after obtaining written consent from the other party, with any assignee obliged to act in accordance with the clauses in the agreement.
Other key terms	- The parties agree that the Developer shall pay an amount equal to 25% of the land value to Erth Al Awtan Real Estate Development Company as brokerage fees. - The Developer must obtain the written consent of the Owner in the event that it wishes to mortgage the land. - Under the terms of the Agreement, the Developer shall manage and implement the entire sales and marketing process for the project.

Source: The Company

Table 12.24: Construction Agreement dated 17/10/1444H (corresponding to 07/05/2023G)

Employer	Dar AlMajed Real Estate Company.
Contractor	Tatweej Contracting Company.
Project description	Turnkey for the handover of 64 residential units.
Contract Value	SAR 49,000,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor pursuant to handover minutes signed between the parties.
Works Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - delay in payment by the Employer for a period exceeding 10 days (extension period to only cover the same period of delay); - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	2.5% for every week of delay capped at 10% of the Contract Value.
Warranties	- Ten (10) years structural warranty commencing from the date of practical completion. - One (1) year defect liability period commencing from the date of practical completion. - Any other warranties with a period longer than one (1) year to be provided to Employer.
Payments	10% advance payment and 10 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia.
Security	An order note representing 5% of the contract price provided by Contractor to Employer and returned to the Contractor upon handover of project to Employer.
Termination	Grounds to terminate the contract by the Employer include: - If Contractor does not commence its works within a period of 5 days from the date of handover. - If Contractor vacates or leaves the site for 10 days or is slow in undertaking its works to the extent that the technical consultant determines that the Contractor will not be able to complete the works by the agreed upon deadline (after being warned pursuant to a written notice). - If the Contractor assigns its rights (in whole or in part) under the Agreement without obtaining the Employer's written consent. - If the Contractor breaches any of its obligations under the Agreement, or abstains from undertaking any works and does not cure such breach after being notified from the Employer or its technical consultant. - the Contractor becomes bankrupt or insolvent. - In case the Contractor was an establishment, and its owner is deceased.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	Contractor shall pay for all insurance related expenses relating to the project and provide the invoices/ receipts to the Employer for payment.

Source: The Company

12.6.1.9 AlMajdiah 156

Table 12.25: Renovation Agreement dated 17/10/1444H (corresponding to 07/05/2023G)

Employer	Dar AlMajed Real Estate Company.
Contractor	A'marana for Contracting.
Project description	Contract for the renovation of 7 buildings with 125 residential units.
Contract Value	SAR 6,000,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor pursuant to handover minutes signed between the parties.
Works Completion Date	6 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	2.5% for every week of delay capped at 10% of the Contract Value.
Warranties	All warranties for renovation works are for one year minimum.
Payments	Not specified.
Governing Law	Kingdom of Saudi Arabia.
Termination	Grounds to terminate the contract by the Employer include: - If Contractor does not commence its works within a period of 5 days from the date of handover. - If Contractor vacates or leaves the site for 10 days or is slow in undertaking its works to the extent that the technical consultant determines that the Contractor will not be able to complete the works by the agreed upon deadline (after being warned pursuant to a written notice). - If the Contractor assigns its rights (in whole or in part) under the Agreement without obtaining the Employer's written consent. - If the Contractor breaches any of its obligations under the Agreement, or abstains from undertaking any works and does not cure such breach after being notified from the Employer or its technical consultant. - the Contractor becomes bankrupt or insolvent. - In case the Contractor was an establishment, and its owner is deceased.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in Riyadh, Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.

Source: The Company

12.6.1.10 AlMajdiah 160

Table 12.26: Development and Sale of Real Estate Units Agreement dated 19/06/1445H (corresponding to 01/01/2024G)

Fund	Owner No. 4.
Developer	Dar AlMajed Real Estate Company.
Project description	Development of a residential complex with 190 apartments.
Contract Value	Value of the Development Costs is SAR 62,996,750 (with 10% of the same in Development Fees payable to the Developer).
Works Commencement Date	The date of receipt of the advance payment.
Work Completion Date	12 months from the date of receipt of the advance payment.
Terms of Penalties / Delay Penalties	Developer must pay a penalty of 1% of the total Development Cost for every 15 days of delay (capped at 10% of the project's total value).
Warranties	Developer ought to obtain from the relevant contractors warranties (among others) on the following basis: - 10 year structural warranty; and - 1 year comprehensive warranty for each residential unit.
Payments	20% of Development Costs paid on signing and the remainder is paid in a further 12 installments.
Governing Law	Saudi Arabia.
Governing Language	Arabic.
Termination	The Fund may terminate the agreement if: - The Developer fails to remedy a breach of the agreement within 45 days of notice; - If it fails to remedy a breach of the agreement within 45 days of notice from the Developer.
Dispute Resolution	All disputes are to be settled amicably, and if the parties fail to do so, then they shall be adjudicated by the Dammam Courts.
Other key terms	The Developer is to market and sell the units in accordance with applicable laws and regulations in the KSA and the Developer shall procure sales from the project totaling SAR 40.244,626 to cover any project budget shortages as agreed in the project financial model.

Source: The Company

Table 12.27: Construction Agreement dated 17/10/1444H (corresponding to 07/05/2023G)

Employer	Dar AlMajed Real Estate Company.
Contractor	Tatweej for Construction Company.
Project description	Employer to contract the Contractor to complete construction works for the project in Riyadh comprising 190 residential apartments.
Contract Value	SAR 57,999,970.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Works Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - agreement between the parties; - delay in payment by the Employer; - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	25% for every week of delay capped at 10% of the Contract Value.
Defect Liability Period	- The Contractor guarantees the structural works for (10) years starting from the primary handover date of the project. - The Contractor guarantees the remaining works for a period of one (1) year from the primary handover date.
Payments	10% advance payment and 18 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia.
Security	A promissory note for 10% of contract value to be released after the issuance of the final take-over certificate.
Termination	Grounds to terminate the contract by the Employer include: - Contractor fails to commence works within 5 days of taking possession of the location due to reasons attributable to the Contractor, or the Contractor leaves the location completely for a period of 10 days, or the Contractor delays the works and will not reasonably complete the project within the agreed milestone dates in the opinion of the Employer or an overseeing engineer / consultant; - Contractor transfers the agreement in whole or in part to a third party without consent; - breach by the Contractor. - the Contractor becomes bankrupt or insolvent. - if the owner of the Contractor deceased and the legal entity of the contractor become an individual establishment.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the scope by 25% of the Contract Value.

Source: The Company

12.6.1.11 AlMajdah 162

Table 12.28: Real Estate Development Agreement dated 09/07/1445H (corresponding to 21/01/2024G)

Owner	AlRaeah Real Estate Company.
Developer	Dar AlMajed Real Estate Company.
Project description	Development of residential units on the project land (there is no reference to the amount of residential units).
Contract Value	- Actual project value (which is currently estimated at SAR 136,000,000). - Development management fees equal to 10% of the actual project value. - 25% of total sales as marketing fees (brokerage).
Works Commencement Date	The date agreed between the parties in writing after obtaining an extendable insurance policy for the commencement of the works.
Work Completion Date	36 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	N/A
Warranties	Developer shall be responsible to obtain all warranties required for such a project such as, but not limited to, structural warranties, building related warranties, electrical warranties, water proofing, finishes etc.
Payments	Payment method not specified.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	The parties may not terminate this agreement unless the Off-Plan Sales and Lease Committee (overseen by the Real Estate General Authority) permits such termination.
Dispute Resolution	If disputes are not amicably resolved between the parties within 30 days, disputes are to be settled by the competent courts in Riyadh.
Other key terms	N/A.

Source: The Company

12.6.1.12 AlMajdah 164

Table 12.29: Real Estate Development Agreement (for Residential Units) dated 10/03/1445H (corresponding to 25/09/2023G)

Owner	Owner No. 5.
Developer	Dar AlMajed Real Estate Company.
Project description	The development of residential units on the project land (there is no reference to the amount of residential units) in accordance with the designs and plans approved by the Owner. The project will be branded by AlMajdah.
Contract Value	SAR 130,500,000 inclusive of development management fees.
Works Commencement Date	The date the building permit is obtained which shall not exceed 6 months from signing.
Work Completion Date	24 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	If the Work Completion Date is delayed, then the development management fees will be reduced by 0.5% for each month of delay.
Warranties	10 year structural warranty in addition to all warranties provided from subcontractors/suppliers.
Payments	SAR 3,000,000 upon signing and nine other instalments upon satisfying specific milestones mentioned in the Agreement.
Governing Law	Saudi Arabia.
Governing Language	Arabic.

Termination	The parties may not terminate this agreement unless the Off-Plan Sales and Lease Committee (overseen by the Real Estate General Authority) permits such termination.
Dispute Resolution	If disputes are not amicably resolved between the parties within 30 days, disputes are to be settled by the competent courts in Riyadh.
Other key terms	N/A

Source: The Company.

Table 12.30: Construction Agreement dated 19/08/1445H (corresponding to 29/02/2024G)

Employer	Dar AlMajed Real Estate Company.
Contractor	AlOmran AlHadeeth Contracting Company.
Project description	Employer to contract the Contractor to complete construction works for the Jazeel Town House Project consisting of 144 residential units.
Contract Value	SAR 99,999,936.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Works Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - agreement between the parties; - delay in payment by the Employer; - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	2.5% for every week of delay capped at 10% of the Contract Value.
Defect Liability Period	- The Contractor guarantees the structural works for (10) years starting from the primary handover date of the project. - The Contractor guarantees the remaining works for a period of one (1) year from the primary handover date.
Payments	10% advance payment and 16 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia
Security	A promissory note for 10% of contract value to be released after the issuance of the final take-over certificate.
Termination	Grounds to terminate the contract by the Employer include: - Contractor fails to commence works within 5 days of taking possession of the location due to reasons attributable to the Contractor, or the Contractor leaves the location completely for a period of 10 days, or the Contractor delays the works and will not reasonably complete the project within the agreed milestone dates in the opinion of the Employer or an overseeing engineer / consultant; - Contractor transfers the agreement in whole or in part to a third party without consent; - breach by the Contractor. - the Contractor becomes bankrupt or insolvent. - if the owner of the Contractor deceased and the legal entity of the contractor become an individual establishment.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the building scope of work by 25% of the Contract Value.

Source: The Company.

12.6.1.13 AlMajdah 165

Table 12.31: Real Estate Development Agreement dated 09/07/1445H (corresponding to 21/01/2024G)

Owner	AlRaeah Real Estate Company.
Developer	Dar AlMajed Real Estate Company.
Project description	Development of residential units on the project land (there is no reference to the amount of residential units).
Contract Value	- Actual project value (which is currently estimated at SAR 125,000,000). - Development management fees equal to 10% of the actual project value. - 25% of total sales as marketing fees (brokerage) owed to the Developer.
Works Commencement Date	The date agreed between the parties in writing after obtaining an insurance policy for the commencement of the works.
Work Completion Date	18 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	N/A
Warranties	Developer shall be responsible to obtain all warranties required for such a project such as, but not limited to, structural warranties, building related warranties, electrical warranties, water proofing, finishes etc.
Payments	Payment method not specified.
Governing Law	Saudi Arabia.
Governing Language	Arabic.
Termination	The parties may not terminate this agreement unless the Off-Plan Sales and Lease Committee (overseen by the Real Estate General Authority) permits such termination.
Dispute Resolution	If disputes are not amicably resolved between the parties within 30 days, disputes are to be settled by the competent courts in Riyadh.

Source: The Company.

Table 12.32: Construction Agreement dated 28/12/1445H (corresponding to 04/07/2024G)

Employer	Dar AlMajed Real Estate Company.
Contractor	Hussam and Majed AlMajed Real Estate Company
Project description	The Employer contracted with the Contractor to complete the construction work for the 165 AlSulaimaniyah Project - consisting of 146 residential units.
Contract Value	SAR 46,720,000
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Work Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - agreement between the parties; - delay in payment by the Employer; - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	A fine of 25% shall be paid by the Contractor for every week of delay capped at 10% of the Contract Value.
Defect Liability Period	- The Contractor guarantees the structural works for (10) years starting from the primary handover date of the project. - The Contractor guarantees the remaining works for a period of one (1) year from the primary handover date.
Payments	10% advance payment and 18 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia

Security	A promissory note for 10% of contract value to be released after the issuance of the final take-over certificate.
Termination	Grounds to terminate the contract by the Employer include: - Contractor fails to commence works within 5 days of taking possession of the location due to reasons attributable to the Contractor, or the Contractor leaves the location completely for a period of 10 days, or the Contractor delays the works and will not reasonably complete the project within the agreed milestone dates in the opinion of the Employer or an overseeing engineer / consultant; - Contractor transfers the agreement in whole or in part to a third party without consent; - breach by the Contractor. - the Contractor becomes bankrupt or insolvent. - if the owner of the Contractor deceased and the legal entity of the contractor become an individual establishment.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the scope by 25% of the Contract Value.

Source: The Company.

12.6.1.14 AIMajdiah 168

Table 12.33: Development Agreement dated 15/06/1445H (corresponding to 28/12/2023G)

Owner	Owner No. 6.
Developer	Dar AlMajed Real Estate Company.
Project description	Development of infrastructure and residential units, and sale of residential units, with the type and quantity of such units to be determined in accordance with a master development agreement entered into by the National Housing Company and the Ministry of Housing dated 06/01/2021G.
Contract Value	Development Costs are SAR 314,752,090 (97% of the value of the residential units goes to the Developer inclusive of VAT).
Works Commencement Date	The day after signing (subject to the handover of the premises to the Developer).
Works Completion Date	36 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	Penalties set by the Off-Plan Sales and Lease Committee (overseen by the Real Estate General Authority) for late handover that are payable to the final purchasers for units that have not been completed by the specified works completion date, or have not been sold by the Developer, are to be paid to the NHC.
Warranties	Developer ought to procure 10-year defect liability period for structural works and a one-year warranty on all other works at a minimum.
Governing Law	Saudi Arabia.
Governing Language	Arabic.
Termination	Owner has the right to terminate the agreement in the following events: - The Developer provides inaccurate information or material misrepresentations; - The Developer breaches the agreement and the breach is not capable of being remedied within 15 days-notice.
Dispute Resolution	In the event that the dispute is not resolved within thirty (30) days of the dispute arising, the dispute shall be referred to the competent courts in the Kingdom of Saudi Arabia and / or the relevant government authorities.
Other key terms	Developer is responsible for the marketing and selling of all units on an off-plan basis prior to the completion of project works.

Source: The Company

Table 12.34: Construction Agreement dated 24/08/1445H (corresponding to 05/03/2024G)

Employer	Dar AlMajed Real Estate Company.
Contractor	Tatweej for Construction Company.
Project description	Employer to contract the Contractor to complete construction works for the project in Mashriqiya, Riyadh comprising 460 residential units.
Contract Value	SAR 131,100,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Works Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - agreement between the parties; - delay in payment by the Employer; - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	25% for every week of delay capped at 10% of the Contract Value.
Defect Liability Period	- The Contractor guarantees the structural works for (10) years starting from the primary handover date of the project. - The Contractor guarantees the remaining works for a period of one (1) year from the primary handover date.
Payments	10% advance payment and 18 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia.
Security	- A promissory note for 10% of contract value to be released after the issuance of the final take-over certificate. - Personal guarantee by the manager of the Contractor.
Termination	Grounds to terminate the contract by the Employer include: - Contractor fails to commence works within 5 days of taking possession of the location due to reasons attributable to the Contractor, or the Contractor leaves the location completely for a period of 10 days, or the Contractor delays the works and will not reasonably complete the project within the agreed milestone dates in the opinion of the Employer or an overseeing engineer / consultant; - Contractor transfers the agreement in whole or in part to a third party without consent; - breach by the Contractor. - the Contractor becomes bankrupt or insolvent. - if the owner of the Contractor deceased and the legal entity of the contractor become an individual establishment.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the scope by 25% of the Contract Value.

Source: The Company

12.6.1.15 AlMajdiah 169 (Sarh)

Table 12.35: Development Agreement dated 06/09/1445H (corresponding to 16/04/2024G)

Owner	AlMajdiah Investment Fund.
Developer	Dar AlMajed Real Estate Company.
Project description	Development of a commercial complex with 14 office units.
Contract Value	Development Costs are SAR 88,400,000 (Development Fees are 10% of Development Costs).
Works Commencement Date	The date the building permit is issued.
Works Completion Date	24 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	1% of the total Development Cost per week of delay capped at 10% (i.e. total Development Fees amount).
Payments	- 10% of the Development Cost is to be paid in advance, and once 70% of the advance payment has been used by the developer, the remainder of the Development Cost is to be paid based on the rate of project completion periodically. - Owner may withhold the final 10% of the Development Cost until final handover of the project.
Governing Law	Saudi Arabia.
Governing Language	Arabic.
Termination	- The Owner may terminate the agreement if the Developer fails to commence works or meet the development milestones or the Owner believes the Developer is unable to meet the development milestones, within 30 days of notice. - Both parties have the right to terminate the agreement in the event that a counterparty breaches the agreement and fails to rectify the breach within 60 days of notice.
Dispute Resolution	In the event that the dispute is not resolved within twenty (20) days of the dispute arising, the dispute shall be referred to the competent courts in Riyadh, Kingdom of Saudi Arabia.

Source: The Company.

12.6.1.16 Meshraf AlMajdiah Project in Medina

Table 12.36: Development Agreement dated 02/09/1445H (corresponding to 12/03/2024G)

Owner	Owner No. 7.
Developer	Dar AlMajed Real Estate Company.
Project description	Development and sale of residences consisting of about 12 villas and 208 apartments by the Developer on the land owned by the Owner.
Contract Value	Value of the Development Costs is SAR 91,162,875 (with 10% of the same in Development Fees payable to the Developer).
Works Commencement Date	The date that the off-plan sales license is obtained from the Off-Plan Sales and Lease Committee (overseen by the Real Estate General Authority).
Work Completion Date	24 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	Developer must pay a penalty to be determined on actual losses incurred by the Owner.
Warranties	The Developer must provide the Owner with all structural and electrical warranties for the project procured from the relevant contractors (including any warranties related to defects).
Payments	- 5% of Development Cost to be paid on signing, and the remainder is to be paid on a monthly or quarterly basis depending on the rate of progress.
Governing Law	Saudi Arabia.
Governing Language	Arabic.
Termination	Both Developer and Owner have the right to terminate the agreement in the event that there is a default by the counterparty of its obligations under the agreement, and the breach continues for 30 working days after notice of such breach without rectification.
Dispute Resolution	In the event that the dispute is not resolved amicably within 5 working days between the parties, then within a further thirty (30) working days of the dispute arising, the dispute shall be referred to the competent courts in the city of Riyadh, Kingdom of Saudi Arabia.
Other key terms	N/A

Source: The Company

Table 12.37: Construction Agreement dated 27/07/1445H (corresponding to 08/02/2024G) (Apartments)

Employer	Dar AlMajed Real Estate Company.
Contractor	Tatweej for Construction Company.
Project description	Employer to contract the Contractor to complete construction works for the project in Al Madinah comprising 208 residential apartments.
Contract Value	SAR 57,849,200.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Works Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - agreement between the parties; - delay in payment by the Employer; - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	25% for every week of delay capped at 10% of the Contract Value.
Defect Liability Period	- The Contractor guarantees the structural works for (10) years starting from the primary handover date of the project. - The Contractor guarantees the remaining works for a period of one (1) year from the primary handover date.
Payments	10% advance payment and 19 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia.
Security	- A promissory note for 10% of contract value to be released after the issuance of the final take-over certificate. - Personal guarantee by the manager of the Contractor.
Termination	Grounds to terminate the contract by the Employer include: - Contractor fails to commence works within 5 days of taking possession of the location due to reasons attributable to the Contractor, or the Contractor leaves the location completely for a period of 10 days, or the Contractor delays the works and will not reasonably complete the project within the agreed milestone dates in the opinion of the Employer or an overseeing engineer / consultant; - Contractor transfers the agreement in whole or in part to a third party without consent; - breach by the Contractor. - the Contractor becomes bankrupt or insolvent. - if the owner of the Contractor deceased and the legal entity of the contractor become an individual establishment.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the scope by 25% of the Contract Value.

Source: The Company.

Table 12.38: Construction Agreement dated 27/07/1445H (corresponding to 08/02/2024G) (Apartments)

Employer	Dar AlMajed Real Estate Company.
Contractor	Tatweej for Construction Company.
Project description	Employer to contract the Contractor to complete construction works for the project in Al Madinah comprising 12 residential apartment buildings.
Contract Value	SAR 8,337,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Works Completion Date	12 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - agreement between the parties; - delay in payment by the Employer; - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	25% for every week of delay capped at 10% of the Contract Value.
Defect Liability Period	- The Contractor guarantees the structural works for (10) years starting from the primary handover date of the project. - The Contractor guarantees the remaining works for a period of one (1) year from the primary handover date.
Payments	10% advance payment and 19 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia.
Security	- A promissory note for 10% of contract value to be released after the issuance of the final take-over certificate. - Personal guarantee by the manager of the Contractor.
Termination	Grounds to terminate the contract by the Employer include: - Contractor fails to commence works within 5 days of taking possession of the location due to reasons attributable to the Contractor, or the Contractor leaves the location completely for a period of 10 days, or the Contractor delays the works and will not reasonably complete the project within the agreed milestone dates in the opinion of the Employer or an overseeing engineer / consultant; - Contractor transfers the agreement in whole or in part to a third party without consent; - breach by the Contractor. - the Contractor becomes bankrupt or insolvent. - if the owner of the Contractor is deceased and the legal entity of the contractor becomes an individual establishment.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the scope by 25% of the Contract Value.

Source: The Company

12.6.1.17 AlMajdah 175

Table 12.39: Real Estate Development and Investment Agreement dated 22/04/2024G

First Party	Dar AlMajed Real Estate Company.
Second Party	Owner No. 9
Project description	A partnership agreement in a company between the parties for the purpose of developing residential units by the First Party on the project land, noting that said agreement specifies the number of residential units to be developed.
Contract Value	- Actual project value (which is currently estimated at SAR 130,085,144). - Development management fees equal to 15% of the actual project value. - The Second Party shall contribute to 16% of the actual project value, in addition to contributing the project land.
Works Commencement Date	The date the building permit is issued.
Work Completion Date	28 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	The First Party shall pay a fine of 1% of the actual project value for each month of delay in the project period.
Warranties	The Developer shall be responsible for implementing the project in accordance with the recognized principles in the real estate development occupation and in accordance with the applicable laws. The First Party shall carry out the development and sale of the entire project.
Payments	The actual value of the project shall be paid through both parties contributing equally to the capital of the project company in the amount of the project actual value.
Governing Law	Kingdom of Saudi Arabia.
Governing Language	Arabic.
Termination	The parties may only terminate the Agreement by mutual agreement.
Dispute Resolution	If disputes are not amicably resolved between the parties within 15 days, disputes are to be settled by the competent courts in Riyadh.
Other key terms	N/A.

Source: The Company

Table 12.40: Construction Agreement dated 28/08/2024G (Apartments)

Employer	Dar AlMajed Real Estate Company.
Contractor	Tatweej for Construction Company.
Project description	Employer to contract the Contractor to complete construction works for the project in AlRabea District, Riyadh, which includes a residential apartment building consisting of 11 floors for residential apartments and 4 basement levels for parking.
Contract Value	SAR 64,000,000.
Works Commencement Date	The work commences from the date on which the site is handed over to the contractor.
Works Completion Date	18 months from the Works Commencement Date.
Extensions of time	Grounds for extension of time include: - agreement between the parties; - delay in payment by the Employer; - any reason out of the control of the parties.
Terms of Penalties / Delay Penalties	25% for every week of delay capped at 10% of the Contract Value.
Defect Liability Period	- The Contractor guarantees the structural works for (10) years starting from the primary handover date of the project. - The Contractor guarantees the remaining works for a period of one (1) year from the primary handover date.

Payments	10% advance payment and 15 instalments payable upon reaching specific milestones.
Governing Law	Kingdom of Saudi Arabia.
Security	- A promissory note for 10% of contract value to be released after the issuance of the final take-over certificate.
Termination	Grounds to terminate the contract by the Employer include: - Contractor fails to commence works within 5 days of taking possession of the location due to reasons attributable to the Contractor, or the Contractor leaves the location completely for a period of 10 days, or the Contractor delays the works and will not reasonably complete the project within the agreed milestone dates in the opinion of the Employer or an overseeing engineer / consultant; - Contractor transfers the agreement in whole or in part to a third party without consent; - breach by the Contractor not remedied within the deadline specified in the Employer's notice. - the Contractor becomes bankrupt or insolvent. - if the owner or the Contractor is deceased in the event that the legal entity of the Contractor is an individual establishment.
Dispute Resolution	The parties must resolve any dispute amicably within 15 days and in the event that this is not possible, the competent courts in the Kingdom of Saudi Arabia shall have the jurisdiction to settle such disputes in accordance with the laws in the Kingdom.
Assignment and Subcontracting	The Contractor may not assign the agreement in part or in whole to a third party without the prior written consent of the Employer.
Other key terms	The Employer may increase or decrease the scope by 25% of the Contract Value.

Source: The Company

12.6.1.18 AIMajdiah 182

Table 12.41: Development Agreement dated 14/10/2024G

Owner	Owner No. 6.
Developer	Dar AIMajed Real Estate Company.
Project description	Development and sale of residential units on a 56,674.41 sqm plot of land owned by the Owner in Jeddah Governorate.
Contract Value	The residential units in the Project shall be sold at a fixed price per square meter, to be determined by both Parties.
Works Commencement Date	The work commences from the day following the signing of the agreement (provided that the site is handed over to the Developer).
Works Completion Date	42 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	A delay penalty shall be imposed on the Developer on an annual basis, at a rate of 7% of the total value of each residential unit that has not been sold or constructed by the Works Completion Date. Such delay penalty shall be calculated based on each day of delay, equivalent to the product of the delay duration multiplied by an amount equal to 7% of the total value of the unsold or undeveloped residential units, divided by 365.
Warranties	The Developer shall provide a 10-year warranty for latent defects for construction works and a minimum of 1-year warranty for all other works.
Governing Law	Saudi Arabia.
Governing Language	Arabic.
Termination	The Owner may terminate the agreement in the following cases: - If the Developer provides inaccurate information or makes material deviations; - If the Developer breaches the agreement and such breach cannot be remedied within a 15-day notice period.
Dispute Resolution	In the event of a dispute not being settled within thirty (30) days from the date it arises, the dispute shall be referred to the competent courts in the Kingdom of Saudi Arabia and/or the relevant government authorities.
Other Key Terms	The Developer shall be responsible for marketing and selling all units off-plan prior to the completion of the project works.

Source: The Company

12.6.1.19 AlMajdiah 185

Table 12.42: Development Agreement dated 13/11/2024G

Owner	Owner No. 6.
Developer	Dar AlMajed Real Estate Company.
Project description	Development and sale of residential units on a 146,526.06 sqm plot of land owned by the Owner in Riyadh.
Contract Value	The residential units in the Project shall be sold at a fixed price per square meter, to be determined by both Parties.
Works Commencement Date	The work commences from the day following the signing of the agreement.
Works Completion Date	42 months from the Works Commencement Date.
Terms of Penalties / Delay Penalties	A delay penalty shall be imposed on the Developer on an annual basis, at a rate of 7% of the total value of each residential unit that has not been sold or constructed by the Works Completion Date. Such delay penalty shall be calculated based on each day of delay, equivalent to the product of the delay duration multiplied by an amount equal to 7% of the total value of the unsold or undeveloped residential units, divided by 365.
Warranties	The Developer shall provide a 10-year warranty for latent defects for construction works and a minimum of 1-year warranty for all other works.
Governing Law	Saudi Arabia.
Governing Language	Arabic.
Termination	The Owner may terminate the agreement in the following cases: - If the Developer provides inaccurate information or makes material deviations; - If the Developer breaches the agreement and such breach cannot be remedied within a 15-day notice period.
Dispute Resolution	In the event of a dispute not being settled within thirty (30) days from the date it arises, the dispute shall be referred to the competent courts in the Kingdom of Saudi Arabia and/or the relevant government authorities.
Other Key Terms	The Developer shall be responsible for marketing and selling all units off-plan prior to the completion of the project works.

Source: The Company

12.6.2 Funding Sources for the Company's Projects

The table below shows the funding sources for completed and ongoing projects by the Company as at the Nine-Month Period Ended 30 September 2024G:

Table 12.43: Funding Sources for Completed and Ongoing Projects

No.		Status	Funding Source	Total Development Cost (SAR million)	Borrowed Amount (SAR million)
1	60	Completed and sold	Internal cash flow / equity	57	-
2	66	Completed and sold	Internal cash flow / equity	16	-
3	70 B	Completed and sold	Internal cash flow / equity	36	-
4	82	Completed and sold	Internal cash flow / equity	30	-
5	88	Completed and sold	Internal cash flow / equity	87	-
6	90	Completed and sold	Internal cash flow / equity	35	-
7	92	Completed and sold	Internal cash flow / equity	41	-
8	95	Completed and sold	Internal cash flow / equity	52	-
9	96	Completed and sold	Internal cash flow / equity	28	-
10	AlMajdiah Village	Completed and sold	Combination of equity and debt.	267	-
11	Majaz	Under development	Combination of equity and debt.	79	45
12	100	Completed and sold	Internal cash flow / equity	32	-

No.		Status	Funding Source	Total Development Cost (SAR million)	Borrowed Amount (SAR million)
13	101	Completed and sold	Internal cash flow / equity	29	-
14	102	Completed and sold	Internal cash flow / equity	56	-
15	103	Completed and sold	Internal cash flow / equity	85	-
16	104	Completed and sold	Internal cash flow / equity	28	-
17	105	Completed and sold	Internal cash flow / equity	37	-
18	106	Completed and sold	Internal cash flow / equity	28	-
19	110	Completed and sold	Internal cash flow / equity	52	-
20	112	Completed and sold	Combination of equity and debt.	192	-
21	113	Completed and sold	Internal cash flow / equity	70	-
22	117	Completed and partially sold	Combination of equity and debt.	105	-
23	124	Completed and partially sold	Combination of equity and debt.	180	-
24	125	Completed and sold	Combination of equity and debt.	242	-
25	128	Completed and sold	Internal cash flow / equity	24	-
26	129	Completed and partially sold	Internal cash flow / equity	117	-
27	130	Completed and sold	Combination of equity and debt.	140	-
28	135	Completed and partially sold	Internal cash flow / equity	61	-
29	136	Completed and sold	Combination of equity and debt.	23	11
30	137	Completed and sold	Combination of equity and debt.	69	38
31	138	Completed and partially sold	Combination of equity and debt.	23	10
32	139 B	Inventory	Internal cash flow / equity	48	-
33	140	Inventory	Internal cash flow / equity	39	-
34	142	Completed and partially sold	Combination of equity and debt.	80	34
35	143	Completed and partially sold	Internal cash flow / equity	92	-
36	144	Inventory	Internal cash flow / equity	38	-
37	146	Completed and partially sold	Combination of equity and debt.	43	19
38	148	Inventory	Combination of equity and debt.	127	50
39	152	Completed and partially sold	Combination of equity and debt.	36	10
40	154	Under development	Combination of equity and debt.	117	45
41	156	Under development	Combination of equity and debt.	106	75
42	162	Under development	Combination of equity and debt.	218	43
43	163	Under development	Combination of equity and debt.	127	36
44	165	Under development	Combination of equity and debt.	143	50
45	166	Under development	Combination of equity and debt.	79	29
46	167	Under development	Internal cash flow / equity	30	-
47	168	Under development	Internal cash flow / equity	198	-
48	170	Under development	Combination of equity and debt.	41	22
49	171	Under development	Internal cash flow / equity	49	-
50	172	Under development	Combination of equity and debt.	135	58
51	173	Under development	Internal cash flow / equity	66	-
52	174	Under development	Combination of equity and debt.	303	150
53	175	Under development	Internal cash flow / equity	142	-
54	178	Under development	Internal cash flow / equity	241	-
55	180	Under development	Internal cash flow / equity	101	-
56	Housing 4	Completed and sold	Internal cash flow / equity	19	-

Source: The Company

* The amounts borrowed for these projects are not available to the Company, whereby these projects were developed by investment funds.

12.7 Real Estate

The total carrying amounts of the properties owned by the Company and properties under the Company's projects (mortgaged) amounted to SAR 1.559 billion, while the carrying value of all properties owned by the Company and properties under the Company's projects (unmortgaged) was SAR 205 million as of this date.

The table below shows a summary of the properties associated with the Company's material projects and properties owned under implementation and the projects that are planned to start implementation in the near future:

Table 12.44: Title Deeds

No.	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged	Book value	Book value to total assets ratio
Ongoing Projects									
1	Plots no. 26, 27, 28, 29, 30 and 31 block no. 4, plan no. 9/3236, Narjis District, Riyadh, KSA. ⁽³⁴⁾	129	-	-	-	AlRaeah Real Estate Company	This land has not been mortgaged.	18,677,354	0.72%
2	Land plots no. 252, 253, 254, 255, 256, 257, 258, 259 and 260, plan no. 3175, Al Malqa District, Riyadh.	139C	59352300405	19/09/1443H (corresponding to 20/04/2022G)	13,500 sqm	Second Real Estate Development Co.	Mortgaged in favor of Arab National Bank for SAR 600,000,000.	The Project land is not part of the Company's financial statements	-
3	Plots no. 2/144/123, 3/144/123, 4/144/123 and 5/144/123, block no. 12 of plan no. 2837, AlAqeeq District, Riyadh.	145	9107807004574	17/10/1443H (corresponding to 18/05/2022G)	9240 sqm	Second Real Estate Development Co.	Mortgaged in favor of Arab National Bank for SAR 600,000,000.	The Project land is not part of the Company's financial statements	-
4	Land plots no. 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39 and 40, plan no. 3/3236, Narjis District, Riyadh.	147	91013500049	10/02/1444H (corresponding to 06/09/2022G)	26,793.33 sqm	Dawr Alshamal Real Estate Company	Mortgaged in favor of Riyad Bank for SAR 158,000,000.	The Project land is not part of the Company's financial statements	-
5	Land plots no. 7, 8, 9, 10, 11 and 12, plan no. 7/3236, Narjis District, Riyadh.	148	798507030438	29/02/1444H (corresponding to 25/09/2022G)	16,696 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Development Company for SAR 75,000,000.	58,015,122	2.25%
6	Plot no. 2 of block 2771/A, Narjis District, Riyadh, KSA	151	999684001188	27/09/1443H (corresponding to 28/04/2022G)	184,310.1 sqm	Jawhara Real Estate Opportunities Company	Mortgaged in favor of Banque Saudi Fransi for SAR 230,000,000.	326,920,058	12.69%
7	Plots no. 1, 2, 3, 4 and 5, block 1, plan no. 3/3236, Narjis District, Riyadh, KSA	154	710805008201	07/12/1443H (corresponding to 06/07/2022G)	14,323.45 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al-Rajhi Banking Investment Company for SAR 88,160,676.	63,801,500	2.47%
8	Plots no. 1900, 1901, 1902, 1903, 1904, 1912, 1914, 1913, 1915 and 1916, plan no. 1637, Al Nada District, Riyadh, KSA. ⁽³⁵⁾	156	-	-	6,993 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.	81,250,634	3.15%
9	Plots no. 1905, 1906, 1917 and 1918, Plan no. 1637, Al Nada District, Riyadh, KSA. ⁽³⁶⁾	156	-	-	2,775 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		

³⁴ Project 129 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

³⁵ Project 156 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

³⁶ Project 156 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

No.	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged	Book value	Book value to total assets ratio
10	Plot no. 3361, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	394731001680	05/08/1445H (corresponding to 15/02/2024G)	1,733.53 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,720,649.	The Project land is not part of the Company's financial statements	-
11	Plot no. 3362, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	394731001679	05/08/1445H (corresponding to 15/02/2024G)	1,730.59 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,537,888.		
12	Plot no. 3363, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	494731001676	05/08/1445H (corresponding to 15/02/2024G)	1,727.65 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,528,480.		
13	Plot no. 3364, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	394731001677	05/08/1445H (corresponding to 15/02/2024G)	1,724.71 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,519,072.		
14	Plot no. 3365, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	294731001681	05/08/1445H (corresponding to 15/02/2024G)	1,721.77 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,509,664.		
15	Plot no. 3366, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	794731001675	05/08/1445H (corresponding to 15/02/2024G)	1,718.83 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,500,256.		
16	Plot no. 3367, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	994731001682	05/08/1445H (corresponding to 15/02/2024G)	1,715.89 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,490,848.		
17	Plot no. 3368, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	394731001674	05/08/1445H (corresponding to 15/02/2024G)	1,712.95 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,481,440.		
18	Plot no. 3369, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	394731001678	05/08/1445H (corresponding to 15/02/2024G)	1,710 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,490,848.		
19	Plot no. 3370, plan no. 1/3203, AlFarooq District, Riyadh, KSA.	160	994731001673	05/08/1445H (corresponding to 15/02/2024G)	1,689.04 sqm	Al Nakheel Golden Real Estate Fund Company	Mortgaged in favor of Bank AlJazira for SAR 5,573,832.		
20	Plot no. 414, 415, 883 and 884, plan no. G/2596	162	798507041213	15/02/1445H (corresponding to 31/08/2023G)	2,703 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Development Company for SAR 83,367,037.5.	57,776,500	2.24%
21	Plot no. 45/1, plan no. 1412, AlSulaimaniya District, Riyadh, KSA.	164	717822002657	01/07/1444H (corresponding to 23/01/2023G)	44,984.2 sqm	AlKafa'ah Real Estate Company	This land has not been mortgaged.	The Project land is not part of the Company's financial statements	
22	Plot no. 421, plan no. 689, AlSulaimaniya District, Riyadh, KSA.	165	398507042919	21/05/1445H (corresponding to 30/04/2024G)	9,982 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Banking and Investment Corporation for SAR 74,632,500.	74,666,666	2.89%
23	Plot in AlJanadriyah District, Riyadh, KSA. ⁽³⁷⁾	168	State-owned land	-	7,049,191 sqm	State properties	-	The Project land is not part of the Company's financial statements	-

³⁷ Project 168 land is State-owned. The National Housing Company has been appointed as the main developer of the residential development project to be implemented on the land. The Company has signed a sub-development agreement with the National Housing Company to allocate an area of 65,788.91 square meters of the total deed area to be developed by the Company. After completion of development works at the site allocated to the Company, the project land deed will be divided into several deeds to be issued in the names of the buyers in the Company's Project 168.



No.	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged	Book value	Book value to total assets ratio
24	Plot no. 11, plan no. 4, AlAsima, Diriyah, Riyadh, KSA.	169	360001289081	29/08/1445H (corresponding to 10/03/2024G)	3,028.95 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000.		
25	Plot no. 12, plan no. 4, AlAsima, Diriyah, Riyadh, KSA.	169	760001289121	29/08/1445H (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000.		
26	Plot no. 13, plan no. 4, AlAsima, Diriyah, Riyadh, KSA.	169	360001289100	29/08/1445H (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000.		
27	Plot no. 14, plan no. 4, AlAsima, Diriyah, Riyadh, KSA.	169	760001289120	29/08/1445H (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000.		
28	Plot no. 15, plan no. 4, AlAsima, Diriyah, Riyadh, KSA.	169	760001289102	29/08/1445H (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000.	143,047,390.50	5.55%
29	Plot no. 16, plan no. 4, AlAsima, Diriyah, Riyadh, KSA.	169	460001289105	29/08/1445H (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000.		
30	Plot no. 17, plan no. 4, AlAsima, Diriyah, Riyadh, KSA.	169	860001289118	29/08/1445H (corresponding to 10/03/2024G)	3,110.64 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000.		
31	Plot no. 18, plan no. 4, AlAsima, Diriyah, Riyadh, KSA.	169	560001289103	29/08/1445H (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000.		
32	Plot no. 19, plan no. 4, AlAsima, Diriyah, Riyadh, KSA.	169	360001289106	29/08/1445H (corresponding to 10/03/2024G)	990 sqm	Real Estate Construction Opportunities Company	Mortgaged in favor of Arab National Bank for SAR 200,000,000.		
33	Plot no. 2, plan no. T/1416/733, AlHadra District, Al Madinah, KSA.	Meshraf AlMajdiah in Al Madinah	240126000906	07/09/1444H (corresponding to 29/03/2023G)	466,502.7 sqm	Noura Real Estate Residences Co.	This land has not been mortgaged.	The Project land is not part of the Company's financial statements	-

No.	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged	Book value	Book value to total assets ratio
34	Plot no. 8, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	8605628718300000	03/04/1446H (corresponding to 06/10/2024G)	1560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000	150,841,171	5.85%
35	Plot no. 5, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	3079894813300000	03/04/1446H (corresponding to 06/10/2024G)	1997 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000		
36	Plot no. 9, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	2159378731100000	02/04/1446H (corresponding to 05/10/2024G)	1560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000		
37	Plot no. 11, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	8482658616100000	02/04/1446H (corresponding to 05/10/2024G)	1560 sqm	AlRaeah Real Estate Company	- Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000		
38	Plot no. 12, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	9403564353200000	02/04/1446H (corresponding to 05/10/2024G)	1560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000		
39	Plot no. 6, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	381885003988	16/01/1446H (corresponding to 22/07/2024G)	2660 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000		
40	Plot no. 15, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	9573319481000000	08/05/2024G		AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000		
41	Plot no. 10, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	8561510926300000	08/05/2024G	1560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000		
42	Plot no. 14, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	4292329594400000	08/05/2024G	1560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000		
43	Plot no. 13, block no. 23 of the plan no. 3260, Al Nada District, Riyadh, KSA.	174	6178157655900000	08/05/2024G	1560 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 200,872,000		
44	Plots no. 628, 629, 630, 631, 632, 633, 634, 635 and 636, plan no. 3057, AlMalqa District, Riyadh, KSA.	178	760001404354	25/01/1446H (corresponding to 31/07/2024G)	12,569.61 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Riyad Bank for SAR 87,383,000	141,000,000	5.47%
45	Plot no. 9, Block no. 2 of Plan no. 3256, AlMalqa District, Riyadh, KSA.	181	782187000151	22/01/1446H (corresponding to 28/07/2024G)	3,500.5 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.	55,000,000	2.13%
46	Plots no. 1316/1, 1315/1 and 1315/2, Plan no. 2917, AlRabea District, Riyadh, KSA.	175	918501008633	07/02/1446H (corresponding to 11/08/2024G)	3,196 sqm	Burj AlRaeah Real Estate Company	This land has not been mortgaged.	43,625,400	1.69%

No.	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged	Book value	Book value to total assets ratio
47	Plot no. 5/787, Plan no. 2113/B, AlNakhil District, Riyadh, KSA.	170	499020004116	16/09/1445H (corresponding to 26/03/2024G)	500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al-Rajhi Banking Investment Company for SAR 27,452,093.		
48	Plot no. 2/787, Plan no. 2113/B, AlNakhil District, Riyadh, KSA.	170	399020004115	16/09/1445H (corresponding to 26/03/2024G)	500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al-Rajhi Banking Investment Company for SAR 27,452,093.	24,874,000	0.96%
49	Plots no. 1/787 and 4/787, Plan no. 2113/B, AlNakhil District, Riyadh, KSA.	170	599020004114	16/09/1445H (corresponding to 26/03/2024G)	1,200 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al-Rajhi Banking Investment Company for SAR 27,452,093.		
50	Plots no. 3845/1 and 3845/2, Plan no. 2737, Narjis District, Riyadh, KSA.	173	993533005502	19/09/1445H (corresponding to 29/03/2024G)	5,150.4 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.	36,455,010	1.41%
51	Plots no. 31, 32, and 33, Plan no. 3229, Al-Yasmin District, Riyadh, KSA	131	760001390828	15/01/1445H (corresponding to 21/07/2024G)	7,420.91 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 99,900,000	141,000,000	6.0%
52	Plot no. 296/7, Plan no. Q/B/2320, Al-Rahab District, Buraidah, KSA	157	360001322879	25/10/1445H (corresponding to 04/05/2024G)	4,946.21 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 3,539,213	6,900,000	0.29%
53	Agricultural Plot no. 8, Al-Adl District, Al-Uyaynah, KSA	141	760001323403	26/10/1445H (corresponding to 05/05/2024G)	20,000 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 14,756,339	17,600,000	0.75%
54	Plot no. 83/1, Plan no. 2925, Al-Rafiah District, Riyadh, KSA	166	481955000553	25/10/1445H (04/05/2024G)	2,750 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 11,176,446		
55	Plot no. 79/1, Plan no. 2925, Al-Rafiah District, Riyadh, KSA	166	881955000554	25/10/1445H (04/05/2024G)	2,755.82 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 11,176,446	44,842,750	1.74%
56	Plot no. 81/1, Plan no. 2925, Al-Rafiah District, Riyadh, KSA	166	781955000555	25/10/1445H (04/05/2024G)	2,711.43 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 11,176,446		



No.	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged	Book value	Book value to total assets ratio
57	Plot no. 135/1, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	318501008304	11/01/1446H (17/07/2024G)	436.81 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
58	Plot no. 135/2, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	318501008303	11/01/1446H (17/07/2024G)	436.69 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
59	Plot no. 136/3, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	718501008392	11/01/1446H (17/07/2024G)	437.02 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
60	Plot no. 134/2, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	618501008305	11/01/1446H (17/07/2024G)	435.44 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
61	Plot no. 134/1, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	918501008306	11/01/1446H (17/07/2024G)	435.44 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
62	Plot no. 133/2, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	918501008307	11/01/1446H (17/07/2024G)	435.76 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
63	Plot no. 132/2, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	918501008308	11/01/1446H (17/07/2024G)	435.52 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
64	Plot no. 133/1, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	918501008309	11/01/1446H (17/07/2024G)	435.64 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.	46,069,018	1.79%
65	Plot no. 132/1, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	618501008310	11/01/1446H (17/07/2024G)	435.71 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
66	Plot no. 129/1, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	318501008312	11/01/1446H (17/07/2024G)	434.68 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
67	Plot no. 131/1, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	618501008313	11/01/1446H (17/07/2024G)	435.44 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
68	Plot no. 130/2, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	318501008314	11/01/1446H (17/07/2024G)	434.88 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
69	Plot no. 130/1, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	318501008316	11/01/1446H (17/07/2024G)	434.98 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
70	Plot no. 131/2, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	618501008317	11/01/1446H (17/07/2024G)	435.22 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
71	Plot no. 128/2, Plan no. 587/J/S, Al-Mohammadiyah District, Jeddah, KSA	180	718501008311	11/01/1446H (17/07/2024G)	434.99 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		



No.	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged	Book value	Book value to total assets ratio
72	Plot no. 3380, Plan no. 3203/1, Riyadh, KSA	163	360001322886	25/10/1445H (04/05/2024G)	1,842.25 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230	47,056,890	1.83%
73	Plot no. 3377, Plan no. 3203/1, Riyadh, KSA	163	260001322887	25/10/1445H (04/05/2024G)	1,683.74 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230		
74	Plot no. 3373, Plan no. 3203/1, Riyadh, KSA	163	660001322888	25/10/1445H (04/05/2024G)	1,695.5 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230		
75	Plot no. 3376, Plan no. 3203/1, Riyadh, KSA	163	360001322882	25/10/1445H (04/05/2024G)	1,686.68 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230		
76	Plot no. 3375, Plan no. 3203/1, Riyadh, KSA	163	560001322883	25/10/1445H (04/05/2024G)	1,689.62 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230		
78	Plot no. 3372, Plan no. 3203/1, Riyadh, KSA	163	360001322890	25/10/1445H (04/05/2024G)	1,698.44 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230		
79	Plot no. 3374, Plan no. 3203/1, Riyadh, KSA	163	260001322892	25/10/1445H (04/05/2024G)	1,692.56 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230		
80	Plot no. 3378, Plan no. 3203/1, Riyadh, KSA	163	660001322893	25/10/1445H (04/05/2024G)	1,680.8 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230		
81	Plot no. 3371, Plan no. 3203/1, Riyadh, KSA	163	460001322891	25/10/1445H (04/05/2024G)	1,853.68 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230		
82	Plot no. 3379, Plan no. 3203/1, Riyadh, KSA	163	860001322896	25/10/1445H (04/05/2024G)	1,677.86 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Al Khaleej Real Estate Ownership Company for SAR 4,131,230		

No.	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged	Book value	Book value to total assets ratio
83	Plot no. 365, Plan no. 4, Al-Asimah District, Al-Diriyah, KSA	172	381885003993	16/01/1446H (22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000	68,201,416	2.65%
84	Plot no. 363, Plan no. 4, Al-Asimah District, Al-Diriyah, KSA	172	281885003994	16/01/1446H (22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000		
85	Plot no. 368, Plan no. 4, Al-Asimah District, Al-Diriyah, KSA	172	981885003996	16/01/1446H (22/07/2024G)	1955.06 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000		
86	Plot no. 364, Plan no. 4, Al-Asimah District, Al-Diriyah, KSA	172	381885003995	16/01/1446H (22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000		
87	Plot no. 366, Plan no. 4, Al-Asimah District, Al-Diriyah, KSA	172	981885003998	16/01/1446H (22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000		
88	Plot no. 367, Plan no. 4, Al-Asimah District, Al-Diriyah, KSA	172	881885003999	16/01/1446H (22/07/2024G)	1,500 sqm	AlRaeah Real Estate Company	Mortgaged in favor of Banque Saudi Fransi for SAR 100,000,000		
89	Plot no. 91, Plan no. 2726, Al-Ghadeer District, Riyadh, KSA ⁽³⁸⁾	135	-	-	4,687 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.	1,094,857	0.04%
90	Plots no. 199 and 200, Plan no. 1945, Al-Nozha District, Riyadh, KSA ⁽³⁹⁾	138	-	-	1,750 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
91	Plots no. 399, 400, and 401, Plan no. 3243, Al-Yasmin District, Riyadh, KSA ⁽⁴⁰⁾	140	-	-	5,302 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
92	Plots no. 4732, 4733, 4734, 4735, 4737, 4738, 4739, 4740, Plan no. 2737, Al-Narjis District, Riyadh, KSA ⁽⁴¹⁾	142	-	-	7,150 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.		
93	Plots no. 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, Plan no. 2040/B, Al-Hamra District, Riyadh, KSA ⁽⁴²⁾	143	-	-	9,100 sqm	Jadat AlRabe'a Real Estate Company	This land has not been mortgaged.		
94	Plots no. 572, 573, and 574, Plan no. 3243, Al-Yasmin District, Riyadh, KSA ⁽⁴³⁾	144	-	-	5,010 sqm	Jadat AlRabe'a Real Estate Company	This land has not been mortgaged.		
95	Plots no. 464, 465, and 466, Plan no. 3243, Al-Yasmin District, Riyadh, KSA ⁽⁴⁴⁾	146	-	-	5,357 sqm	AlRaeah Real Estate Company	This land has not been mortgaged.	1,459,337	0.06%

³⁸ Project 135 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

³⁹ Project 138 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

⁴⁰ Project 140 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

⁴¹ Project 142 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

⁴² Project 143 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

⁴³ Project 144 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

⁴⁴ Project 146 was developed on land owned by the Company. Development has been completed, and the land title has been subdivided into several titles specific to the residential units. The project is currently in the sales phase.

No.	Description / Location	Project No.	Deed No.	Deed Date	Area	Owner	Mortgaged	Book value	Book value to total assets ratio
96	Plot no. 123/144/6, Plan no. 2837, Al-Aqiq District, Riyadh, KSA	145 (Approved for offices)	398507019378	20/08/1443H (23/03/2022G)	5,880 sqm	AlRaeah Real Estate Company	Mortgaged in favor of AlRajhi Development Company for SAR 45,000,000	43,875,860	1.70%
97	Plots no. 24, 25, 26, 27, 28, Plan no. 3286, Al-Bustan District, Riyadh, KSA ⁽⁴⁵⁾	130	-	-	13,950 sqm	Real Estate Construction Opportunities Company	This land has not been mortgaged.	2,071,674	0.08%

Source: The Company

12.8 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. The following table sets out the key particulars of the insurance policies held by the Company and its Subsidiaries:

Table 12.45: Details of Insurance Policies

No.	Company	Type	Policy No.	Insurer Company	Duration	Sum Insured (SAR)	Coverage Type
1.	Dar AlMajed Real Estate Company	Health Insurance	56791000	Bupa Arabia for Cooperative Insurance Company	From 27/06/2024G to 26/06/2025G	-*	Includes: - Cost of outpatient treatment. - Cost of the drug. - Medical consultations. - Costs of hospitalization. - Costs of pregnancy and childbirth. - Newborn baby care. - Costs of dental treatment.
2.	Dar AlMajed Real Estate Company	Vehicle Insurance	P1024-MTI-INWS-07245009	AlRajhi Takaful Insurance Company	From 10/11/2024G to 10/10/2025G	10,000,000	- Third party liability.

* The insurance policy does not specify a specific amount of insurance, but there is a limit not exceeding SAR 1,540,697 for 215 employees.

Source: The Company

12.9 Transactions and Contracts with Related Parties

The Directors confirm that none of the agreements with Related Parties described under this Section contain preferential conditions and have been concluded in accordance with the laws and regulations on an arm's length basis. Except as disclosed in this Section of this Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a Related Party, including the Financial Advisor and the Legal Advisor in respect of the Offering.

Moreover, the Directors acknowledge their intention to comply with Articles 71 and 72 of the Companies Law and Article 41 of the Corporate Governance Regulations issued by the CMA in relation to contracts with the Related Parties. The General Assembly has approved all dealings and contracts with Related Parties on 27/11/1445H (corresponding to 06/04/2024G).

Under the old Companies Law which remained in force until early 2023G, limited liability companies were not required to obtain the general assembly approval on transactions with Related Parties. Given that the Company was converted from a limited liability company into closed joint stock company on 22/08/1444H (corresponding to 13/04/2023G), the Company was not required to obtain the general assembly approval on transactions with Related Parties for 31 December 2021G and 31 December 2022G.

⁴⁵ Project 130 development has been completed, and the title deed for the land has been subdivided into individual deeds for the project units. Currently, the project is in the sales phase.

As at the date of this Prospectus, all of the Company's transactions and contracts concluded with Related Parties for the year 2023G were approved by the Extraordinary General Assembly meeting held on 27/11/1445H (corresponding to 04/06/2024G), and for the period ended 31 March 2024G, by the Extraordinary General Assembly meeting held on 24/01/1446H (corresponding to 30/07/2024G), and the resolution of the Ordinary General Assembly dated 29/02/1446H (corresponding to 02/09/2024G), in accordance with the requirements of Article Seventy-One (71) of the Companies Law.

The table below indicates the details of agreements and transactions with Related Parties in which members of the Board of Directors have an interest, according to the definition of Related Parties under the Companies Law. Please refer to Section 2.1.21 ("Risks Related to the Company's Related-Party Transactions") of this Prospectus, which outlines all transactions and includes the definition of Related Parties according to accounting standards.

Table 12.46: Transactions and Contracts with Related Parties according to the definition of Related Parties under the Companies Law

Related Party	Nature of the Transaction	Stakeholder	Nature of the Relationship	SAR			
				Transaction Value during FY2021G	Transaction Value during FY2022G	Transaction Value during FY2023G	Transaction Value for the Nine-Month Period Ended 30 September 2024G
Dar AlMajed Holding Company	Expenses paid by the Company on behalf of Dar AlMajed Holding Company related to maintenance and repairs	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	The Related Party Board Members are Shareholders in the Stakeholder	N/A	24,788	679,471	N/A
Maskan Rafah Real Estate Company	Expenses paid by the Company on behalf of Maskan Rafah Holding Company	Khaled AlMajed, Majed AlMajed	The Related Party Board Members are Shareholders in the Stakeholder	57	7,768	N/A	N/A
AlMajed AlAwla Real Estate Company	Maintenance and repair expenses paid by the Company on behalf of AlMajed AlAwla Real Estate Company	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	The Related Party Board Members are Shareholders in the Stakeholder	2,088	N/A	1,350	N/A
Mohammed Abdulrahman Nasser AlMajed	Financing arrangements expenses	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Brother of the Board Members	N/A	39,518,527	6,801,473	N/A
Khaled Abdulrahman Nasser AlMajed	Financing arrangements expenses	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Board Member	N/A	41,467,386	6,727,095	N/A
Majed Abdulrahman Nasser AlMajed	Financing arrangements expenses	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Board Member	N/A	8,922,403	14,000,000	N/A
Nasser Abdulrahman Nasser AlMajed	Financing arrangements expenses for ongoing projects	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Brother of the Related Party Board Members	81,439,252	81,249,675	40,400,000	N/A
Hussam Abdulrahman Nasser AlMajed	Financing arrangements expenses	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Brother of the Related Party Board Members	17,610,000	N/A	14,000,000	N/A

Related Party	Nature of the Transaction	Stakeholder	Nature of the Relationship	SAR			
				Transaction Value during FY2021G	Transaction Value during FY2022G	Transaction Value during FY2023G	Transaction Value for the Nine-Month Period Ended 30 September 2024G
Abdulsalam Abdulrahman Nasser AlMajed	Financing arrangements expenses for ongoing projects	Khaled AlMajed, Majed AlMajed	Board Member	81,439,252	81,234,252	40,400,000	N/A
Dar AlMajed Real Estate Company	Financing arrangement expenses for current projects	Khaled AlMajed, Abdulsalam AlMajed, Majed AlMajed	Interested Board Members and Shareholders of Related Party	6,741,195	-	973,699	N/A
Jadat AlOula Real Estate Development Company	Development fees	Abdulsalam AlMajed	Director of Jadat AlOula Real Estate Development Company	4,611,326	-	3,857,100	N/A
Total	-	-	-	267,260,170	252,424,799	127,840,188	-

Source: The Company

It should be noted that on 04/04/1446H (07/10/2024G), the Ordinary Assembly approved the transactions entered into between the Company and Khawalid Real Estate Company during the period ended 30 September 2024G, in which Khaled bin AbdulRahman bin Nasser AlMajed has an indirect interest. This transaction is a SAR 63,500,000 purchase contract.

12.10 Credit Facilities and Contracts

The tables below set out a summary of the credit facilities and contracts concluded between the Company and several banks, as follows:

- Facilities concluded between AlRajhi Banking & Investment Corporation and the Company with a total available facilities amounting to SAR 720,000,000, of which SAR 256,388,265 has been used as at 30/09/2024G, as follows:
 - Forward sale line facility worth SAR 675,000,000, of which SAR 211,388,265 have been used as at 30/09/2024G.
 - Forward sale line facility worth SAR 45,000,000, of which SAR 45,000,000 have been used as at 30/09/2024G.
- Facilities concluded between Masar for Finance and the Company for a total amount of SAR 177,000,000, of which a total amount of SAR 173,150,000 has been used as at 30/09/2024G.
- Facilities concluded between Banque Saudi Fransi and the Company for a total amount of SAR 550,000,000, of which a total amount of SAR 208,485,600 has been used as at 30/09/2024G.
- Facilities concluded between Riyadh Bank and the Company for a total amount of SAR 500,000,000, of which an amount of 112,383,000 has been used as at 30/09/2024G.

As of 30 September 2024G, the total value of facilities between banks and the Company amounted to SAR 1,947,000,000, with a total utilized amount of SAR 750,406,865.

Tables 12.45 and 12.46 summarize the credit facilities and contracts concluded between various banks and funds as follows:

- The facility agreement between Arab National Bank and Emmar Opportunities Real Estate Company (Single Person Company) for a total amount of SAR 400,000,000, with a total utilized amount of SAR 313,550,248 as of 30/09/2024G.

Table 12.47: Facility Agreement between AlRajhi Banking & Investment Corporation and Dar AlMajed Real Estate Company dated 23/08/2022G with a total value of SAR 720,000,000

Facility Type/ Purpose/ Value	(a) Banking Facilities Agreement (1) Facility for Project Finance - Facility Limit: SAR 720,000,000 - Purpose: as stated for each facility - Sublimit 1: Deferred Sale Facility • Facility Limit: SAR 675,000,000, of which SAR 211,388,265 have been used as at 30/09/2024G. - Purpose: The facility is used to finance 75% of the process of acquiring, developing and building real estate for the work of a new building project related to the client's activity. The facility is non-revolving in nature for the purpose of re-pricing SAIBOR. - Mark-up (Profit Margin): SAIBOR 6 month term + 2% per annum. - Tenor: 36 months (6 months per contract in the refinancing period) - Sublimit 1: Deferred Sale Facility • Facility Limit: SAR 45,000,000 of which SAR 45,000,000 have been used as at 30/09/2024G. - Purpose: To finance the Company's general working capital requirements. - Mark-up (Profit Margin): SAIBOR 6 month term + 2.50 % per annum. - Tenor: 36 months (6 months per contract in the refinancing period)
Amounts Drawn Down	SAR 211,388,265 as at 30/09/2024G.
Undertakings	The Company undertakes to provide the following: - Mortgage real estate in favor of Rajhi Bank covering 100% of the deferred sale facility amount amounting to SAR 45,000,000. - Mortgage real estate in favor of AlRajhi Bank for units owned in AlDar Investment Fund equivalent to the outstanding balance of the deferred sale facilities of SAR 45,000,000. - Assignment in favor of AlRajhi Bank of the revenue of each project. - The Company undertakes not to obtain any loans or grant any credits (except in the ordinary course of business) or provide any guarantee or indemnity (except as required under AlRajhi Bank Facilities) for the benefit of any person, without obtaining the prior written consent of AlRajhi Bank. (Clause 3.A.6). - The Company undertakes not to take any mortgage and that there will be no financial restrictions on any current or future revenue or assets, except for the permitted financial restrictions. (Clause 3.A.8)
Other Provisions	- Neither the Company nor any member of the Group may issue any new shares or change the rights associated therewith without obtaining the prior written approval of AlRajhi Bank. (Clause 3.A.3). On 06/06/2024G, the Company obtained AlRajhi Bank's approval to proceed with the Offering. - The Company must obtain a written approval from AlRajhi Bank for any change in the Company's capital (Clause 3.A.5). - The Company shall notify the Bank of any changes in the ownership of the issued capital (Clause 3.A.9). - AlRajhi Bank has the right to request additional guarantees from the Company at any time, at its absolute discretion, and the Company undertakes to provide such guarantees upon request (Clause 3 of the main terms and conditions of banking facilities). - AlRajhi Bank has the right, from time to time and at its absolute discretion, to amend any of the provisions of the financing documents and amend the relevant facilities (Preamble). - AlRajhi Bank has the right to amend the profit margin on the unused facility limit from time to time as it deems appropriate. (Clause 2.5 of the main terms and conditions of banking facilities).
Default events	The Agreement includes standard default events, including: failure to pay any amounts when due, or any pledge or guarantee that is found to be invalid, etc. In the event of any default and a notification sent by the Bank to the Company, the following shall be done: (a) the available facility shall be cancelled; (b) the Company shall be asked to pay all unpaid amounts, which shall become immediately due; (c) the Company and its guarantors shall be requested to provide guarantees in an account specified by AlRajhi Bank to serve as a cash collateral to meet the Company's obligations; (d) the Bank may exercise any of the Bank's rights other corrective measures; (e) an offset; (f) the Bank may sell any of the Company's assets in its possession or at its disposal; (g) the Bank may sell any property or movable assets provided by the Company and/or (c) the Bank may seize an amount equivalent to the amount of all unpaid amounts from the Company (Clause 9.2)

Collateral	- Facility agreements are guaranteed through: • A mortgage real estate in favor of AlRajhi Bank covering 100% of the facility amount once granted, with a coverage ratio of no less than 150% upon completion of the project. • Corporate Warranties from each of: - Taj AlHodou Real Estate Development & Investment Company; - Fikrat Istithmar Real Estate Development & Investment Company; - Nibras AlAmaken Real Estate Development Company; - Jadat AlShat'e Real Estate Company; - AlRaeah Real Estate Company; - Hussam and Majed AlMajed Real Estate Company; and - Mohammed and Khaled AlMajed Real Estate Company

Source: The Company

Table 12.48: Facility Agreement between Masar for Finance and Dar AlMajed Real Estate Company dated 02/04/2024G with a total value of SAR 177,000,000

Facility Type/ Purpose/ Value	Banking Facility Agreement - Facility Limit: SAR 177,000,000, of which SAR 173,150,000 have been used until 30/09/2024G. - Purpose: the facility is used to finance the development of 3 residential real estate projects. - Profit Margin: 5.5% per annum
Amounts Drawn Down	SAR 173,150,000 as at 30/09/2024G
Other Provisions	- Procedure fees: 177,000,000 Saudi Riyals - Tenor: 24 months from the date of implementation - In the event that the Company delays using all or some of the facilities during the usage period, Masar for Finance may stop granting, or cancel, the facilities at its discretion. (Clause 22). - Masar for Finance has the right to stop, cancel or reduce the facilities at any time, at its sole discretion and without prior notice to the Company, and to demand that the Company pays all amounts and expenses due. (Clause 24). - Masar for Finance may adjust the profit margin of the unused limit of the facilities from time to time as it deems appropriate. (Clause 25). - Masar for Finance may request additional guarantees from the Company at any time at its absolute discretion, and the Company undertakes to provide such guarantees upon request. (Clause 3). - Masar for Finance may terminate the agreement in the event of any situation that it deems to have a material and adverse effect on the business, financial condition or activities of the company or the guarantors. The company shall notify and obtain the approval of Masar for Finance before making any change to its legal status and/or ownership. On 01/10/2024G, the Company obtained Masar for Finance's approval to proceed with the Offering and to waive the termination clause of the agreement.
Default events	The Agreement includes normal cases of default, including: failure to pay any amounts when due, or any pledge or guarantee that is found to be invalid, and provides for the right of Masar for Finance to terminate the Agreement in the event of any situation that it deems to have a material and adverse effect on the Company or the guarantee providers' business, financial condition or activities. In the event of any default and a notification sent by the Bank to the Company, the following shall be done: (a) the available facility shall be cancelled; (b) the Company shall be asked to pay all unpaid amounts, which shall become immediately due; and (c) the Company and its guarantors shall be requested to deposit an amount in an account specified by Masar for Finance, to serve as a cash collateral to meet the Company's obligations (Clause 9.1.k)
Guarantees	- The facility agreement is guaranteed by real estate guarantees with a coverage rate of no less than 130% of the total financing value.

Source: The Company

Table 12.49: Facility Agreement between the Company and Banque Saudi Fransi dated 19/11/2023G with a total value of SAR 550,000,000 ("BSF Facilities")

Facility Type/ Purpose/Value	(a) Islamic Interest Rate Swap - Facility Limit: SAR 500,000,000, of which a total amount of SAR 208,485,600 has been used as at 30/09/2024G. - Expiry date: 31/12/2026G (b) Tawarruq Financing (long term) - Facility Limit: SAR 50,000,000, of which a total amount of 208,485,600 has been used as at 30/09/2024G. - Last Payment Date: 31/12/2026G - Payment Terms: one payment (principal and profit) - Profit Margin: SAIBOR 6 months term + 1.5% per annum - Purpose: Financing land purchase and real estate development projects
Amounts Drawn Down	SAR 208,485,600 as at 30/09/2024G
Undertakings	The Company undertakes and pledges: - To provide a mortgage of title deeds with a value of not less than 110% of the total financing value. - To submit a waiver of the project revenue in the case of projects concluded with the Ministry of Housing or the National Housing Company (NHC) or owned by the Company. - To present an order note in the amount of SAR 550,000,000 payable at sight. - Leverage shall not exceed 1.8 x (clause C) - There shall be no change in the controlling interests of the Company and the Company shall not merge with other entities, or restructure or change its capital structure, by issuing, creating or guaranteeing debt or issuing (1) preferred shares, convertible securities or exchangeable securities that can be swapped for debt or preferred shares or (2) any equity rights in relation to entities other than the companies (Clause 12). On 29/09/2024G, the Company obtained Banque Saudi Fransi's approval to proceed with the Offering.
Other Provisions	- BSF may, without the need to notify the Company or obtain its approval, merge or consolidate accounts and deduct any amounts from any of these accounts to meet the Company's obligations towards the Bank (Clause C.2). - BSF has the right to withdraw or cancel all or any financing, reduce the approved limit, amend the margin prices, raise the value of the required cash insurance, if any, and request the payment of all financing in addition to the margin within a maximum period of 15 days by written notice to the Company (Clause C.3). - The Bank also has the right not to renew financing if the Company refuses to cooperate in registering the guarantees (Clause 11).
Default events	The Agreement includes standard default events, including: failure to pay any amounts when due, or any pledge or guarantee that is found to be invalid. Upon notice to the Company, the following shall be done: (a) the available facility shall be cancelled; and (b) the deferred price shall become due and payable immediately and the Company shall be requested to pay all unpaid amounts. (Article Eight of the Tawarruq Agreement).
Guarantees	The facilities are guaranteed by mortgaging title deeds with a value not less than 110% of the total financing value.

Source: The Company

Table 12.50: Facility Agreement between Riyadh Bank and the Company dated 05/09/2023G with a total value of SAR 500,000,000 ("Riyad Bank Agreement")

Facility Type/ Purpose/Value	Facility limit: SAR 500,000,000 (a) Tawarruq Financing Limit (Part of Multi-Purpose Facility) - Facility Limit: SAR 500,000,000, of which a total amount of SAR 112,383,000 has been used as at 30/09/2024G - Expiry date: 05/09/2028G - Purpose: financing 75% of the total purchase value of the land and construction costs. - Profit Margin: SAIBOR 6 months term + 1.5% per annum - Fees: 0.5% for a credit study on each tranche used (b) Tawarruq Financing Limit (Part of a Multi-Purpose Facility) - Facility Limit: SAR 25,000,000, of which no amount has been used as at 30/06/2024G - Profit margin (profit margin): 6 months SAIBOR + 1.5% per annum. - Purpose: to finance the operating expenses of the activity. - Duration: one year for each tranche used - Fees: 0.5% for a credit study on each tranche used
Undertakings	The Company undertakes and pledges: - To provide a mortgage on the instrument subject to financing, with a value not less than 133% of the total financing value. - To submit a waiver of the project revenue or income-producing real estate revenue in favor of the brokerage account. - There shall be no change to the legal form of the Company, the shareholders and the limits of their responsibilities or to the Company's capital or the Company's obligations towards third parties. In addition, there shall be no change to the activity, eligibility, capacity or anything else, which may affect the continued validity of the Riyadh Bank agreement and the Company must notify Riyadh Bank immediately upon making any of these changes (Article Twelve). On 13/10/2024G, the Company obtained Riyadh Bank's written approval to proceed with the Offering. - If the Company is late for 15 days in paying any installment on its due date after notifying the Company, the Company must pay a late payment fee of 10% of the full amount owed by the Company (Article 10).
Other Provisions	Riyad Bank may seize any amount, negotiable papers or documents, or any funds in its possession in order to obtain their value to recover the unpaid amounts due (Article 5).
Default events	The agreement includes standard default events, including: failure to pay any amounts when due, or when a lawsuit or legal procedure is filed to liquidate the Company or appoint a receiver. In the event of a default, all installments shall become due and payable immediately (Article Eleven). The Company's decisions to change its legal form or merge require prior written approval from Riyadh Bank so as not to constitute a case of default (Article 11).
Collateral	- A mortgage on the instrument subject to financing, with a value not less than 133% of the total financing value. - A waiver of the project revenue or income-producing real estate revenue in favor of the brokerage account.

Source: The Company

Table 12.51: Facility Agreement between Arab National Bank and Emmar Opportunities Real Estate Company (Single Person Company) dated 05/10/2023G with a total value of SAR 200,000,000. The amount has been increased to 400,000,000 pursuant to an acknowledgment of an increase and amendment to the credit facility dated 01/04/2024G ("ANB Facilities")

Facility Type/ Purpose/Value	Tawarruq Financing (Fixed Term) - Facility Limit: SAR 400,000,000, with a total utilized amount of SAR 313,550,248 as of 30/09/2024G. - Financing Term: Five years, with an extension period of two additional years. - Repayment Terms: Each tranche of the financing is to be repaid in full on its respective maturity date. - Profit Margin: SAIBOR + 2.5% per annum. - Purpose: To finance investment in income-generating assets and project development or through investment in other real estate investment funds.
Amounts Drawn Down	SAR 313,550,248 as at 30/09/2024G
Undertakings	Emmar Opportunities Real Estate Company (Single Person Company) undertakes and pledges: - To maintain its financial, administrative, and legal standing, as well as the ownership of the establishment, without changing its business activity. - To refrain from declaring or distributing any dividends or payouts to partners/shareholders or repaying any loans to partners/shareholders in the event of any breach (noting that these obligations and commitments apply specifically to Emmar Opportunities Real Estate Company (Single Person Company) and not to the parent Company) (Article 9). - To maintain a balance in its current account with the Arab National Bank equivalent to 12 months of profit service and associated banking services on the facilities for the financing term. (Article 2)
Other Provisions	In the event of buildings on the mortgaged properties, Emmar Opportunities Real Estate Company (Single Person Company) is required to insure the buildings at its own expense for the entire financing period. The insurance policy must be issued by approved insurance companies, with a value no less than that of the insured buildings, and the policy must be endorsed in favor of the Bank as the primary beneficiary. (Article 9).
Default events	The agreement includes standard default events, such as failure to pay any amounts by their due date, any change in ownership, or control over Emmar Opportunities Real Estate Company (Single Person Company), or if any covenant or warranty is found to be inaccurate. Without prior notice, the following actions are taken: (a) termination of the facilities and consideration of the outstanding facility balance, along with any amounts accrued under this agreement, and (b) declaration that the deferred price has become immediately due and payable, with a demand for the company to settle all unpaid amounts (Article 10).
Collateral	The facilities are secured through: - A real estate mortgage with a value of 150% of the drawn loan tranche. - Assignment of proceeds from the units and mortgaged properties in favor of the bank. - A promissory note valued at SAR 400,000,000.

Source: The Company

12.11 Intellectual Property

12.11.1 Trademarks

The Company and its Subsidiaries have registered a number of trademarks with the trademark Department of the Ministry of Commerce. The Company and its Subsidiaries rely on these trademarks in their business. The Company and its main Subsidiaries rely on these trademarks for the success of their business and to support their competitive position in the market, so the inability of the Company or its Subsidiaries to protect their trademarks or the need for any of them to take legal action to preserve the trademark will negatively and materially affect their ability to use it, which will affect their business and the results of the Company's operations. For further details, please refer to Section 2.1.16 ("Protecting Trademarks on which the Company Relies").

The following table sets out the main details of the Group's registered trademarks that the Companies are currently using.

Table 12.52: Details of Registered Trademarks

No.	Company	Country of Registration	Trademark No.	Expiry Date	Trademark Classification	Logo
1.	Dar AlMajed Real Estate Company	Kingdom of Saudi Arabia	1440007212	17/03/1450H (corresponding to 08/08/2028G)	36	
2.	Dar AlMajed Real Estate Company	Kingdom of Saudi Arabia	1439027062	22/12/1449H (corresponding to 17/05/2028G)	36	
3.	Dar AlMajed Real Estate Company	Kingdom of Saudi Arabia	1440021321	18/08/1450H (corresponding to 03/01/2029G)	37	
3.	Dar AlMajed Real Estate Company	Kingdom of Saudi Arabia	TM-01-00-37080-24	16/03/1456H (corresponding to 29/05/2034G)	36	

Source: The Company

12.11.2 Other Intellectual Property Rights

Table 12.53: Details of the Internet Domain Names

No.	Company	Internet Domain Name	Registrar	Expiry Date
1.	Dar AlMajed Real Estate Company	almajdiah.sa	Sahara Net	16/05/2029G
2.	Dar AlMajed Real Estate Company	almajdiah.com.sa	Sahara Net	16/05/2029G
3.	Dar AlMajed Real Estate Company	almajdiah.com	GoDaddy	08/04/2028G

Source: The Company

12.12 Claims and Lawsuits

The Company filed a lawsuit on 08/07/1446H (corresponding to 08/01/2024G) against a contracting company, demanding compensation for SAR 9,942,313 in surplus unwarranted amounts paid thereby, and on 17/07/2025 (corresponding to 22/01/1447H), a preliminary judgment was issued in favor of the Company. This judgment obliges the contracting company to pay the Company a total amount of SAR 9,966,405 for the recovery of the overpayment, in addition to covering legal fees and expert fees. Additionally, Mohammed and Khaled AlMajed Real Estate Company filed a financial claim amounting to SAR 6,579,538 through the Najiz platform against a contracting company, in accordance with the Law of Commercial Courts, which stipulates that the plaintiff must notify the other party of a financial payment claim before filing any lawsuit. The Company will proceed with the necessary legal and regulatory actions if the claimed amount is not settled.

On 04/09/1446H (corresponding to 04/03/2025G), the Company filed another lawsuit against a contracting company, demanding compensation for a breach of contractual obligations amounting to SAR 16,498,075, for which a preliminary judgment was issued by the Commercial Court dismissing the case on 07/01/1447H (corresponding to 02/07/2025G), and the Company intends to appeal the judgment.

It is also worth noting that the Company has a financial provision of SAR 33,896,677 for project-related cases.

12.13 Summary of the Bylaws

12.13.1 Name of the Company

The name of the Company is Dar AlMajed Real Estate (closed joint stock company).

12.13.2 Head Office of the Company

The Company's head office is located in Riyadh, and may establish branches inside or outside the Kingdom of Saudi Arabia by a resolution of the Board of Directors.

12.13.3 Objectives of the Company

The Company shall carry out the following objectives:

1. Construction of buildings
2. Real estate activities with own or leased property
3. Real estate activities on a fee or contract basis

The Company shall undertake its activities in accordance with the relevant laws and after obtaining the necessary approvals from the competent authorities, (if any).

12.13.4 Duration of the Company

The duration of the Company shall be (99) ninety-nine Gregorian years starting from the date of its registration in the commercial register. This period may always be extended by a resolution issued by the Extraordinary General Assembly at least one year before its expiration.

12.13.5 Capital

The Company's issued share capital shall be three hundred million (300,000,000) Saudi Riyals divided into three hundred million (300,000,000) nominal shares of equal value, the value of each being one (1) Saudi Riyals and all of which shall be ordinary cash shares.

12.13.6 Shares Subscription

The Shareholders subscribed to the entire shares of the Company's issued capital amounting to (300,000,000) three hundred million Saudi Riyals, paid in full.

12.13.7 Shareholders' Register

- The Company shall prepare a register which includes Shareholders' names, nationalities, particulars, places of residence, and occupations as well as the number of shares owned by each shareholder, the serial numbers of the shares which they own, and the amount paid of their value. The Company may outsource the preparation of the register; said register shall be maintained in the Kingdom.
- The Company shall provide the commercial register with the information of the aforementioned register and any amendment thereto within fifteen (15) days from the date of the Company's registration in the commercial register or from the date of the amendment, as the case may be.

12.13.8 Trading in Shares

The Company's shares shall be traded upon recording in the Shareholders' Register, and the transfer of ownership of the share shall not be valid vis-à-vis the Company or third parties until the date on which the transfer of the share is recorded in the Shareholders' Register.

12.13.9 Sale of Non-Paid Shares

The Shareholder shall pay the value of the shares on the dates set for such payment. If a Shareholder defaults in payment when it becomes due, the Board may, after notice through a registered mail or through any means of technology, sell the shares at a public auction or in the stock exchange, as the case may be, in accordance with the controls determined by the law. The Company shall recover from the proceeds of the sale such amounts as are due to it and shall refund the balance to the Shareholder. If the proceeds of the sale fall short of the due amount, the Company shall have a claim on the entirety of the Shareholder's personal funds for the unpaid balance.

Rights associated with unpaid shares shall be suspended upon failure to pay their value upon the expiration of the specified deadline, until the sale of such share or the payment of the due amount in accordance with this Article. These rights include the entitlement to a share of the net profits to be distributed and the right to attend meetings and vote on resolutions made in such meetings. However, the defaulting shareholder may, prior to the day of sale, pay the outstanding amount, including the expenses incurred by the Company in this regard. In such case, the shareholder shall have the right to request the receipt of profits to be distributed. The Company shall cancel shares sold pursuant to the provisions of this Article and give the buyer a new share certificate bearing the same serial numbers as those of the cancelled shares, with an annotation made in the Share Register indicating the sale as well as the new owner's name.

12.13.10 Decrease of Capital

The Extraordinary General Assembly may reduce the capital of the Company if it exceeds the needs of the Company or if the Company incurs losses, and in the latter case only, the capital of the Company may be reduced to below the limit set in Article fifty-nine (59) of the Companies Law. Such resolution shall not be issued unless a special statement is prepared by the Auditor setting out the reasons for the reduction, the Company's obligations, and the effect of the reduction on such obligations, provided that a report from the Company's auditor is attached to this statement.

If the capital reduction is due to the capital exceeding the Company's needs, then the Company's creditors must be invited to express their objection thereto, at least forty-five (45) days prior to the date determined for convening the Extraordinary General Assembly to issue the reduction decision. A statement, specifying the capital before and after reduction, the date and time of the meeting, and the effective date of the reduction, shall be attached to the invitation provided to the Company's creditors. Should any creditor object and present to the Company evidentiary documents within the time limit set above, then the Company shall pay such debt, if already due, or present a sufficient guarantee of payment, if the debt is due on a later date.

Equality of shareholders holding shares of the same type and category should be observed when reducing the share capital.

12.13.11 Increase of Capital

1. The Extraordinary General Assembly may decide to increase the Company's issued capital, provided that the issued capital has been paid in full. The full payment of capital shall not be required if the unpaid portion of said capital relates to shares issued against the conversion of debt instruments or financing Sukuk into shares, and the period set for such conversion has not yet expired.
2. In all cases, the Extraordinary General Assembly may, upon increasing the capital of the Company, allocate the issued shares or part thereof to the employees of the Company and/or any or all of its subsidiaries. Shareholders may not exercise their pre-emptive rights on issued shares allocated for employees.
3. A Shareholder who owns a share, as at the date of issuance of the Extraordinary General Assembly's resolution approving the increase of the issued capital, shall have a pre-emptive right to subscribe to new shares issued against cash contributions, and shall be notified of his priority -if any- by registered mail sent to the address stated in the Shareholders' Register or by any means of technology. The Shareholder shall also be notified of the capital increase resolution, the subscription conditions, and the dates on which said subscription begins and ends.
4. The Extraordinary General Assembly may suspend the pre-emptive rights of Shareholders to subscribe to the capital increase against cash contributions, or may grant pre-emptive rights to non-Shareholders, in cases where it deems this to be beneficial to the Company's interests.
5. A Shareholder may, subject to the controls set by the competent authority, sell or waive its pre-emptive rights from the date of issuance of the Extraordinary General Assembly's resolution approving the increase of capital until the last day of the subscription period in the new shares associated with such rights, in accordance with the controls established by the competent authority.

6. Subject to the provisions of Paragraph (4) above, newly issued shares shall be distributed to the holders of pre-emptive rights requesting subscription in proportion to the pre-emptive rights they hold against the total pre-emptive rights resulting from the capital increase, provided that the number of newly issued shares they receive does not exceed the number of shares they request. The remaining new shares shall be distributed among the holders of the pre-emptive rights who request more than their share in proportion to the pre-emptive rights they hold against the total pre-emptive rights resulting from the capital increase, provided that the number of newly issued shares they receive does not exceed the number of shares they request. Any remaining shares shall be offered to persons other than the holders of pre-emptive rights, unless the Extraordinary General Assembly decides, or the Capital Market Law stipulates, otherwise.

12.13.12 Preferred Shares

The Company's Extraordinary General Assembly may, in accordance with the guidelines set by the competent authority, issue preferred shares, decide to purchase the same or convert ordinary shares into preferred shares not exceeding ten percent (10%) of the Company's capital, or convert preferred shares into ordinary shares. Preferred shares do not confer shareholders with General Assemblies voting rights but do give their holders the right to receive a larger percentage of the Company's net profit when compared to holders of ordinary shares, after setting aside the statutory reserves.

12.13.13 Shares Buy-Back, Sale and Pledge

The Company may buy-back or pledge its ordinary or preferred shares, in accordance with the provisions of Islamic Sharia and the regulations set by the competent authority, and the shares purchased by the Company shall not have votes in the Shareholders Assemblies. The Company may purchase its shares for the purpose of allocating them to its employees under the employee shares program, in accordance with the regulations issued by the competent authority. The Company may also sell treasury shares in one or several stages in accordance with the controls set by the competent authority.

12.13.14 Participation and Interest in the Company

The Company may individually establish companies, also hold shares in other existing companies, merge therewith, and it may enter into partnership with others to establish joint stock or limited liability companies after meeting the requirements of regulations and instructions applicable in this respect. The Company shall also have the right to dispose of such shares and stocks, but it shall not act as a broker in trading therein. The Company may also own movable and immovable assets, sell, buy and lease them.

12.13.15 In-kind Increase of Capital

The new shares issued due to the capital increase may be cash or in-kind. In the case of in-kind shares, the Board of Directors shall take the measures provided for under the Companies Law to verify the exact value of these shares.

12.13.16 Sukuk and Debt Instruments

The Company may issue any kind of negotiable and indivisible debt instruments such as Islamic Sukuk, in accordance with the provisions of the Companies Law and the Capital Market Law. The Board of Directors, after approval by the Extraordinary Assembly, has the authority to issue Islamic Sukuk of all kinds and put them up for private or public offering, irrespective of whether those instruments were issued concurrently or through a series of offerings, or through one or more programs established by the Board of Directors from time to time, to set the number of these Sukuk, their amount, due dates, terms and all related and take all necessary measures to issue them.

12.13.17 Management of the Company

The Company shall be managed by a Board of Directors composed of nine (9) members, who shall be natural persons, to be appointed by the Ordinary General Assembly of Shareholders for a term not exceeding four (4) years.

The working method of the Board of Directors shall be as follows: the Board may issue resolutions on urgent matters by circulation to all Board members, unless a member submits a written request for a Board meeting to deliberate such resolutions. Resolutions issued by circulation shall be approved in the same manner as the resolutions issued at Board meetings. Such resolutions shall be presented to the Board of Directors at its subsequent meeting for the purpose of recording them in the minutes of such meeting. Moreover, the Board meetings may be held virtually using modern communication means, and shareholders may participate in the deliberations and vote on the resolutions using technological means as per the controls determined by the Board.

Meetings shall be held at the Company's head office or any other place as agreed by the Board members. Meetings quorum shall be achieved with the presence of at least 55% of Board members.

Resolutions shall be passed with the approval of at least 51% of the members.

Members of the Board may delegate others to attend meetings.

Board members shall communicate as follows: the Board of Directors shall hold at least four (4) meetings a year upon the invitation of its Chairman or his representative. The invitation shall be in writing and attached to the agenda of the meeting, along with any other related documents and may be delivered in hand, by mail, by fax or by email, at least ten days prior to the meeting. The Chairman of the Board shall invite the Board to a meeting if so requested in writing by any member of the Board.

The rules for terminating membership are as follows: Board membership shall expire upon the expiration of the Board's term, or the expiration of the Board member's term, in accordance with any law or directives applicable in the Kingdom. The Ordinary General Assembly may dismiss all or some of the Board members, without prejudice to the right of the dismissed member to claim compensation from the Company in the event they were dismissed without an acceptable excuse or at an inappropriate time. Moreover, any Board member may resign, provided that he does so at an appropriate time; otherwise, said member shall be liable toward the Company for any consequences resulting from his resignation. Should the term of the present Board expire and no new Board be elected, the members of the present Board shall continue to exercise their functions until the election of a Board for a new term, but in no way for more than 90 days. The Ordinary General Assembly may, at the recommendation of the Board, terminate the membership of Board members who fail to attend three (3) consecutive meetings, or a total of five (5) meetings during their term, without a valid excuse which is satisfactory to the Board.

Board resolutions shall be issued by the majority of voting shares present or represented at the meeting. In case of tie, the side of the Chairman shall have the casting vote. However, the following matters require the approval of at least 80% of the Board members present at the meeting:

- a. Amendment of the dividends policy;
- b. Any credit or loan contract with a value of more than SAR 300,000,000 (SAR three hundred million);
- c. Purchase or sale of assets having a value exceeding SAR 300,000,000 (SAR three hundred million);
- d. Submitting a recommendation to the General Assembly of Shareholders or deciding on any matter delegated to Board by the General Assembly of Shareholders concerning the following matters:
 - Making any amendment to the Company's bylaws.
 - Increasing or decreasing the Company's capital; granting any option or other benefit on the Company's shares, whether in the form of convertible securities or otherwise; redeeming or purchasing any of the Company's shares; or reorganizing the Company's capital otherwise.
 - Issuing a resolution on the liquidation of the Company before its expiry, except in case of bankruptcy.
 - Merging the Company with another company.

The Board of Directors may, within the limits of its competence, form a number of committees pursuant to its resolution in accordance with the requirements of the law and according to the Board's opinion, and appoint them according to the Company's need and circumstances to carry out specific works, as determined by the Board of Directors from time to time. The Board has all the powers, except as otherwise stipulated in these Bylaws, to determine the scope of its competencies, tasks, procedures and provisions of its work, appoint and dismiss its members, determine their remuneration, and the mechanism for following up the work of these committees within the governance regulations approved by the Board, so that the Board can effectively undertake its responsibilities. Individuals appointed as members of these committees shall practice only the work assigned to them by the Board from time to time in accordance with the instructions and directives of the Board.

12.13.18 Termination of Membership of Board of Directors

The membership of the Board ends upon the expiration of its duration or upon the expiration of the member's validity in accordance with the Law or instructions in force in the Kingdom of Saudi Arabia. However, the General Assembly may, (at the recommendation of the Board), terminate the membership of Board members that fail to attend three (3) consecutive meetings, or a total of five (5) meetings during their term, without a valid excuse which is satisfactory to the Board.

12.13.19 Termination of Board Term, Resignation of Board Members, or Membership Vacancy

1. Before the expiry of its term, the Board of Directors shall call the Ordinary General Assembly to convene in order to appoint a Board of Directors for a new term. If such appointment does not occur and the term of the then-current Board expires, the then-current Board members shall continue to perform their duties until the appointment of a Board for a new term, provided that the then current Board does not remain in office for a period exceeding that which is prescribed in the Implementing Regulations of the Companies Law.

2. If the Chairman and Board members resign, the Ordinary General Assembly shall convene to appoint a new Board of Directors, and such resignation shall not take effect until the appointment of the new Board, provided that the then current Board does not remain in office for a period exceeding that which is prescribed in the Implementing Regulations of the Companies Law.
3. A Board member may resign from the Board by giving written notice to the Chairman of the Board, but if the resigning member is the Chairman, then the notice shall be given to the other Board members and the Board's Secretary. In both cases, the resignation shall be effective from the date set out in the notice.
4. If the position of a Board member becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings is not affected by such vacancy, the Board may appoint a qualified person with relevant expertise to temporarily fill the vacancy. Such appointment shall be reported to the commercial register and the CMA if the Company is listed within fifteen (15) days from the date of such appointment, and it shall be submitted to the Ordinary General Assembly in its first meeting. The appointed member shall complete the term of his predecessor.
5. If the conditions for holding a valid meeting of the Board are not met, due to the number of Board members falling below the minimum number of Board members provided in the Companies Law or these Bylaws, the remaining Board members shall call for convening the Ordinary General Assembly within 60 days to elect the required number of Board members.

12.13.20 Powers of the Board of Directors

Without prejudice to the powers vested with the General Assembly, the Board of Directors or anyone designated thereby, shall have the broadest authorities and powers to manage the Company, in order to achieve its objectives.

The Board of Directors must obtain the approval of the General Assembly for the sale of Company assets the value of which exceeds fifty percent (50%) of the value of its total assets, whether the sale is made through one transaction, or more. In such a case, the transaction which leads to the sale of more than fifty percent of the value of assets shall require the General Assembly's approval. This percentage is calculated from the date of the first transaction made during the previous twelve (12) months. The Board of Directors may, within the limits of its competence, delegate one or more of its members or third parties to carry out certain work or actions.

12.13.21 Vacant Position in the Board of Directors

If the position of a Board members becomes vacant, the Board may appoint a temporary member to the vacant position chosen by the Board of Directors, provided that he has the experience and competence, as the Board deems appropriate, without resorting to using the ranking mechanism to obtain votes in the assembly that elected the Board. The Ministry of Commerce and the Capital Market Authority, if the Company is listed, shall be notified within fifteen working days from the date of appointment and the appointment shall be presented to the Ordinary General Assembly at its first meeting and the new member shall complete the term of his predecessor. If the conditions for holding a valid meeting of the Board are not met, due to the number of Board members falling below the minimum number of Board members provided in the Companies Law or these Bylaws, the remaining Board members shall call for convening the Ordinary General Assembly within sixty days to elect the required number of Board members.

12.13.22 Remuneration of Board Members

1. The remuneration of the Board of Directors shall consist of a certain amount, allowance for attending meetings, in-kind benefits, or a certain percentage of net profits as determined by the General Assembly.
2. The Board of Directors' report to the General Assembly shall include a comprehensive statement of all the remunerations, expense allowances, and other benefits the members of the Board of Directors received or deserved during the financial year and shall also include a statement of what the members of the Board received in their capacity as workers or administrators, or what they received in return for technical, administrative work, or consultations. The Report shall also include a statement of the number of Board meetings and the number of sessions attended by each member.

12.13.23 Powers of the Chairman, Vice Chairman, Managing Director and Secretary

The Board of Directors may appoint at its first meeting from among its members or from third parties, and it is permissible to combine the position of Managing Director with that of CEO of the Company. In the appointment resolution, the Board of Directors shall determine the authorities, duties, remuneration, and the duration of the CEO's term in office. The CEO shall be responsible for managing the Company's daily affairs and implementing the resolutions of the Board of Directors. The Board may delegate part or all of its powers to the CEO.

The Board of Directors shall appoint a Secretary, chosen from among its members or from third parties, who shall be responsible for recording Board meeting minutes, documenting and preserving the resolutions issued during these meetings, in addition to exercising other powers delegated thereto by the Board of Directors. The Secretary's remuneration shall be determined by the Board of Directors. The Chairman of the Board of Directors may delegate (in writing) some of his powers to other members of the Board or to third parties to carry out specific business(es). The Vice Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence in cases where the Board of Directors has a Vice Chairman.

12.13.24 Meetings of the Board of Directors

- a. The Board of Directors meetings shall be convened at least four (4) times a year at the invitation of its Chairman. The Chairman of the Board shall call the Board for a meeting if so requested in writing by any Board members to discuss one or more topics.
- b. The Board of Directors shall determine the location of its meetings and may hold its meetings through means of technology.

12.13.25 Board Meeting and Resolutions

A meeting of the Board of Directors shall be valid only if attended by (55%) of the members present in person or at least by proxy.

Resolutions of the Board shall be issued by a majority vote of the Directors present in person or at least by proxy. In case of equal votes, the resolution on which the Chairman voted shall have the casting vote.

Means of modern technology may be used for signature, to record deliberations and resolutions, and to prepare meeting minutes.

12.13.26 Board Deliberations

- a. Board deliberations and resolutions shall be recorded in minutes prepared by the Board's Secretary and signed by the Chairman of the Board, the attending Board members, and the Secretary.
- b. Such minutes shall be recorded in a special register signed by the Chairman of the Board and the Secretary.
- c. Means of modern technology may be used for signature, to record deliberations and resolutions, and to prepare meeting minutes.

12.13.27 Disclosure of Interest in Business and Contracts

Subject to the provisions of Article twenty-seventh (27) of the Companies Law, a member of the Board of Directors shall immediately inform the Board of any interest, whether direct or indirect, held thereby in business and contracts made on behalf of the Company. Such notification shall be recorded in the minutes of the subsequent board meeting; and the concerned member may not participate in voting on the resolution issued in this regard by the Board and the General Assemblies. The Board shall inform the General Assembly, when it convenes, about the business and contracts in which the Board Member has a direct or indirect interest and shall attach to the notification a special report from the Company's auditor prepared in accordance with the standards applicable in the Kingdom.

12.13.28 Audit Committee

The audit committee is formed by a resolution of the Board of Directors, consisting of at least three (3) members and no more than five (5) non-members of the Executive Board of Directors, whether Shareholders or others. The resolution shall define the tasks of the committee, the rules of its work and the remuneration of its members.

12.13.29 Chairman, Vice Chairman, Managing Director, and Secretary

The Board shall appoint a Chief Executive Officer (CEO), chosen from among its members or from third parties, and it is permissible to combine the position of Managing Director with that of the CEO of the Company. In the appointment resolution, the Board of Directors shall determine the authorities, duties, remuneration, and the duration of the CEO's term in office. The CEO shall be responsible for managing the Company's daily affairs and implementing the resolutions of the Board of Directors. The Board may delegate part or all of its powers to the CEO. The Board of Directors shall appoint a Secretary, chosen from among its members or third parties, who shall be responsible for recording Board meeting minutes, documenting and preserving the resolutions issued during these meetings, in addition to exercising other powers delegated thereto by the Board of Directors. The Secretary's remuneration shall be determined by the Board of Directors. The term of the Chairman of the Board, the Vice Chairman, the Managing Director, and the Secretary shall not exceed the term of membership of each thereof on the Board. They may be re-elected, though the Board of Directors has the authority to dismiss them from their positions, without prejudice to their right to compensation in case they are dismissed with no acceptable excuse or at an inappropriate time. Shareholders Assemblies

12.13.30 General Assembly Meetings

12.13.30.1 Shareholders General Assembly Meeting

1. Shareholders' General Assembly meetings shall be chaired by the Chairman of the Board of Directors, the Vice-Chairman in the Chairman's absence, or any member designated by the Board of Directors in the absence of both the Chairman and Vice-Chairman. If none of the above is possible, the Shareholders shall vote to designate a Board member or any other person to chair the General Assembly meeting.
2. Each Shareholder shall have the right to attend General Assembly meetings and delegate a person other than the Board members.
3. The meeting of the General Assembly and the participation of the Shareholder in the deliberations and voting on resolutions may be held by means of modern technology.

12.13.30.2 Invitation of Assemblies

1. General or Special Assemblies shall convene at the invitation of the Board of Directors, and the Board of Directors must call for an Ordinary General Assembly to convene within thirty (30) days from the date on which it is requested to do so by the Auditor or by a number of Shareholders representing at least ten percent (10%) of the Company's voting shares. The Auditor may also call for the Ordinary General Assembly to convene if the Board fails to do so within thirty (30) days from the date of the Auditor's request.
2. The request specified in paragraph 1 of this Article must specify the matters on which the shareholders are required to vote.
3. The call for a General Assembly meeting shall be made at least twenty-one (21) days prior to the date set for the meeting, in accordance with the provisions of these Bylaws, after taking the following into consideration:
 - Notifying the Shareholders via registered letters sent to the addresses present in the Shareholders' Register, or the announcement of the call via means of modern technology.
 - A copy of the invitation and the meeting's agenda shall be sent to the commercial register, and to the CMA (if the Company is listed).
4. The invitation for the General Assembly meeting must contain the following at least:
 - A statement of the Shareholders who have the right to attend the meeting, and such Shareholders' right to delegate non-Board members to attend, and a statement of the Shareholders' right to deliberate the items listed on the agenda and to raise questions, and the manner of voting.
 - The place, date, and time of the meeting.
 - Type of assembly (general or special).
 - The agenda of the meeting containing the items which the Shareholders are required to vote on.

12.13.30.3 Ordinary General Assembly Quorum

1. The Ordinary General Assembly meeting is valid only if attended by Shareholders representing at least a quarter of the Company's voting shares.
2. If the quorum required to hold the Ordinary General Assembly meeting in accordance with the above is not satisfied, an invitation shall be issued to a second meeting to be held in the same manner prescribed in Article ninety-one (91) of the Companies Law within thirty days following the date specified for the previous meeting. However, the second meeting may be held one hour after the expiration of the time limit for holding the first meeting, provided that the invitation to hold the first meeting contains an indication that such a meeting can be held. In all cases, the second meeting shall be deemed valid regardless of the number of voting shares represented thereat.

12.13.30.4 Extraordinary General Assembly Quorum

1. The Extraordinary General Assembly meeting is valid only if attended by Shareholders representing at least two thirds of the Company's voting shares.
2. If the quorum required to hold the Extraordinary General Assembly meeting in accordance with the above is not satisfied, an invitation shall be issued to a second meeting to be held in the same manner prescribed in Article ninety-one (91) of the Companies Law. However, the second meeting may be held one hour after the expiration of the time limit for holding the first meeting, provided that the invitation to hold the first meeting contains an indication that such a meeting can be held. In all cases, the second meeting is valid if it is attended by a number of shareholders representing at least (a quarter) of the Company's voting shares.

3. If the quorum required for the second meeting is not satisfied, an invitation shall be sent for a third meeting to be held in the same manner prescribed in in Article ninety-one (91) of the Companies Law, and the third meeting shall be deemed valid regardless of the number of voting shares represented thereat.

12.13.30.5 Voting in Assemblies

The members of the Board of Directors shall be elected by ordinary voting, and they may not vote on General Assembly resolutions relating to transactions and contracts in which they have a direct or indirect interest, or which involve a conflict of interest.

12.13.30.6 Assembly Resolutions

1. Ordinary General Assembly resolutions shall be issued by the majority of voting shares represented thereat.
2. Extraordinary General Assembly resolutions shall be issued by a majority of two-thirds of the voting shares represented thereat, at least. However, the following matters shall require a majority of three-quarters of voting shares represented thereat: increasing or decreasing the capital; extending the Company's term; liquidating or dissolving the Company prior to the expiry of its term defined in the Bylaws; merging the Company or dividing it into two or more companies.

12.13.30.7 Deliberations in Assemblies

Each Shareholder has the right to discuss the matters listed on the agenda of the General Assembly and to direct questions in that regard to the members of the Board of Directors and the Auditor. The Board of Directors or the Auditor shall answer the questions to the extent that it does not harm the interests of the Company. If a Shareholder deems the response to his question to be insufficient, he may refer the matter to the General Assembly, and the resolution of the General Assembly in this regard shall be binding.

12.13.30.8 Preparing Assemblies Minutes

General Assembly meeting minutes shall be prepared during the General Assembly meeting, and shall specify the number of Shareholders present in person or by proxy, the number of shares held thereby in person or by proxy, the number of votes allocated to said shares, the resolutions made, the number of votes in favor or against each resolution, and a comprehensive summary of the discussions held during the meeting. The minutes shall be recorded regularly after each meeting in a special register, signed by the Chairman of the General Assembly, the Secretary, and canvasser.

12.13.30.9 Issuance of General Assembly Resolutions by Circulation

1. The Chairman of the Board of Directors shall have the right to propose issuing a General Assembly resolution by circulation to shareholders, without the need for a meeting, unless one Board member submits a written request that a meeting be convened for deliberations. However, in order to issue a General Assembly resolution related to electing and dismissing members of the Company's Board of Directors, appointing and dismissing the Company's auditor, if any, and reviewing and discussing the financial statements for the past financial year, the General Assembly shall be held in accordance with the relevant provisions.
2. The resolution proposed to be issued in accordance with Paragraph 1 of this Article shall be deemed valid if the Company sends it to all shareholders with the relevant documents attached thereto, along with the instructions to be followed by shareholders to approve the resolution, and the date set for its issuance.
3. General Assembly resolutions shall be issued by circulation according to the following:
 - a. The resolution that falls within the jurisdiction of the Ordinary General Assembly shall be issued with the approval of one or more shareholders representing the majority of voting rights.
 - b. The resolution that falls within the jurisdiction of the Extraordinary General Assembly shall be issued with the approval of one or more shareholders representing seventy-five percent (75%) of the voting rights.
4. The Assembly's resolutions issued by circulation in accordance with Paragraph 3 of this Article 101 of the Companies Law and shall be recorded in the minutes and in the special register stipulated in Article ninety-seventh (97) of the Companies Law.

12.13.31 Company Accounts and Distribution of Dividends

12.13.31.1 Financial year

The Company's financial year shall be 12 Gregorian months and shall commence on 1 January and end on FY.

12.13.32 Financial Documents

1. At the end of each financial year, the Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended financial year. This report shall include the proposed method for distributing dividends. The Board of Directors shall place such documents at the disposal of the Auditor at least forty-five (45) days prior to the date set for convening the General Assembly.
2. The Chairman of the Board, the CEO and the CFO shall sign the documents referred to in Paragraph 1 of this Article, with a copy thereof being placed at the Company's head office at the disposal of the Shareholders.
3. The Chairman of the Board shall provide the Shareholders with the Company's financial statements and Board of Directors report after signing and the Auditor's report, if any, unless they are published through means of modern technology, at least twenty-one (21) days prior to the date set for the General Assembly meeting. The Chairman shall also deposit said documents, in accordance with the Implementing Regulations of the Companies Law.

12.13.33 Distribution of Dividends

1. The Company's annual net dividends shall be distributed as follows:

The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside 10% of the net profits to form a consensual reserve and allocate it to one or more specific purposes.

The Ordinary General Assembly may decide to create other reserves, to the extent that serves the interest of the Company or ensures that fixed dividends are distributed as much as possible to the shareholders. The aforementioned assembly may also deduct amounts of the net dividends to establish social institutions for the Company's staff or to assist those existing institutions.

2. The remainder will then be distributed to the Shareholders upon the recommendation of the Board of Directors, as determined by the Ordinary General Assembly, in accordance with the requirements of the Company's interest and regulations in this regard. The Company may distribute interim dividends (quarterly or semi-annually) to its Shareholders after fulfilling the following controls:
 - The Ordinary General Assembly shall authorize the Board of Directors to distribute interim dividends pursuant to a resolution of the Assembly renewed annually.
 - The Company shall have appropriate and regular profitability.
 - The Company shall have reasonable liquidity and may reasonably predict the level of its profits.
 - The Company shall have distributable profits according to the latest audited financial statements sufficing to cover the profits to be distributed, after deducting the distributed and capitalized profits after the date of said financial statements.
 - The Board of Directors shall ensure that its annual report submitted to the General Assembly of the Company contains the percentage of profits distributed to Shareholders during the various periods of the financial year, in addition to the percentage of profits to be distributed at the end of the financial year, and the total profits.
 - Any other controls shall be determined by the competent authority.

12.13.34 Entitlement to Dividends

A shareholder shall be entitled to his share of dividends pursuant to a resolution issued by the General Assembly in that regard. The resolution shall indicate eligibility and distribution dates. Shareholders registered in the shareholders' register by the end of the eligibility date shall be eligible to receive dividends.

12.13.35 Company Losses

If, at any time during the financial year, the Company's losses total half of its issued capital, then any Company's official or auditor, upon becoming aware thereof, must inform the Chairman of the Board of Directors, who shall immediately inform the members of the Board. The Board of Directors shall disclose such loss and the resolutions taken in that regard, within sixty (60) days from the date of being made aware thereof. The Board of Directors shall also call for an Extraordinary General Assembly meeting to be convened within one hundred and eighty (180) days of being informed of the losses, to consider whether to increase or decrease the Company's

capital, in accordance with the provisions of the Companies Law, in order to render losses equal to less than half of the issued capital, or dissolve the Company prior to the end of its term, as defined in these Bylaws.

12.13.36 Dissolution and Liquidation of the Company

12.13.36.1 Dissolution of the Company

The Company may be terminated for one of the reasons specified under Article 243 of the Companies Law, upon which, it shall enter liquidation in accordance with the provisions of Part 12 of the Companies Law. If the Company's term expired and its assets are not sufficient to settle its liabilities or if it is insolvent under the Bankruptcy Law, it shall apply to the competent judicial authority to initiate any of the liquidation procedures, in accordance with the Bankruptcy Law.

12.13.37 Final Provisions

The Company shall be subject to all laws in effect in the Kingdom of Saudi Arabia.

Any provision set forth herein that contradicts the provisions of the Companies Law shall be deemed null and void, and the provisions stipulated in the Companies Law shall be applicable in that regard. Any matter not provided for herein shall be governed by the Companies Law and its Implementing Regulations.

12.14 Shareholders Rights

12.14.1 Voting Rights

Each Shareholder shall have one vote for every Share represented thereby in General Assemblies. The cumulative voting method shall be used in electing the Board members whereby voting rights may not be used more than once per share.

12.14.2 Rights to Dividends

Shareholders shall be entitled to their shares in dividends, by virtue of the General Assembly resolution in this regard. Such resolution shall designate the due date and the distribution date. Shareholders registered in the Shareholders Registers as at the end of the due day shall be entitled to dividends. The Board of Directors must implement the General Assembly's resolution regarding the distribution of profits to shareholders.

12.14.3 Right to Repurchase Shares

Subject to the approval of the Extraordinary General Assembly, a company may purchase its shares in accordance with the Companies Law and its Implementing Regulations and the rules set by the competent authority.

12.14.4 Rights in Surplus Assets in cases of Liquidation and Amendment to the Rights of Shareholders

The following rights are based on the Companies Law and may not be amended:

- Receiving a share of the profits to be disbursed.
- Receiving a share of the Company's assets upon its liquidation.
- Attending shareholder general assemblies, participating in deliberations and voting on the resolutions thereof.
- Disposing of shares as stipulated in the Companies Law.
- Requesting to review the Company's books and documents; monitoring Board business; file liability claims against Board members; and challenge the invalidity of General Assembly resolutions (in accordance with the terms and conditions specified in the Companies Law and the Bylaws).



13. Underwriting

The Company, the Selling Shareholders and the Underwriter have entered into an Underwriting Agreement dated [.]H (corresponding to [.]G) (the “**Underwriting Agreement**”) pursuant to which the Underwriter has agreed, subject to certain terms and conditions contained in the Underwriting Agreement, to fully underwrite the Offering of ninety million (90,000,000) Shares. The names and addresses of the Underwriter is set out below:

13.1 Underwriter

Table 13.1: Underwriter’s Details

Underwriter	
BSF Capital King Fahd Road 8092 P.O. Box 23454 Riyadh 3735-12313 Kingdom of Saudi Arabia Tel: +966 11 2826666 Fax: +966 11 2826833 Website: www.bsfcapital.sa E-mail: Almajdiah.IPO@bsfcapital.com.sa	

The agreed principal terms of the Underwriting Agreement are set out below:

13.2 Summary of the Underwriting Agreement

Under the terms and conditions of the Underwriting Agreement:

- a. The Selling Shareholders and the Company undertake to the Underwriter to perform the following actions on the first business day following the allocation of the Offer Shares upon the closing of the Offering Period:
 1. Issue, sell and allocate the Offer Shares to the Individual Subscribers or the Participating Parties whose subscription applications have been accepted by the Receiving Agents, as applicable.
 2. Issue, sell and allocate the Offer Shares which have not been purchased in the Offering by Individual Subscribers or Participating Parties to the Underwriter, as applicable.
- b. The Underwriter undertakes to the Company and the Selling Shareholders, on the date of allocation, to purchase any Offer Shares that are not subscribed for by Individual Subscribers or Participating Parties, as follows:

Underwriters	No. of Underwritten Offer Shares	Percentage of Underwritten Offer Shares
BSF Capital	90,000,000 Ordinary Shares	100%

13.3 Underwriting Costs

The Selling Shareholders will pay to the Underwriter, on behalf of the Company, on a basis proportional to the number of sold Offer Shares, the underwriting fees based on the total value of the Offering, the costs and expenses in connection with the Offering, in accordance with the contract concluded in this regard.



14. Expenses

The Selling Shareholders will bear all the expenses and costs associated with the Offering, estimated at around SAR 40,000,000. Such expenses include the fees of the Financial Advisor, Lead Manager, Bookrunner, Underwriter, Company's Legal Advisor, Auditor, Receiving Agents, Market Study Consultant, and other Advisors, in addition to the fees of marketing, printing and distribution expenses, as well as other related expenses. These expenses will be deducted from the proceeds of the Offering. The Company will not bear any expenses related to the Offering.

15. Company's Post-Listing Undertakings

Post-Listing, the Company undertakes to:

1. Fill out form 8 (related to the compliance with the Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to comply with any of the requirements set out in the Corporate Governance Regulations.
2. Notify the Capital Market Authority of the date of the first post-Listing General Assembly meeting, so that representatives thereof may attend.
3. Immediately after Listing, comply with all mandatory provisions set out in the OSCOs, the Listing Rules and the Corporate Governance Regulations.
4. Submit to the General Assembly for approval, all transactions and contracts in which any Director has a direct or indirect interest (in accordance with the Companies Law, and the Corporate Governance Regulations); provided that the interested Director with such interest shall refrain from participating in voting on the resolution issued in this regard by the Board of Directors and the General Assembly. (For further details, please refer to Section 12.8 ("**Transactions and Contracts with Related Parties**")).
5. Update the Company's legal entity and make all necessary amendments to the Company's statutory documents (including the commercial register and Bylaws) upon the first General Assembly of Shareholders post-Listing, which is expected to be held in Q2 2025G.
6. Accordingly, once Listing is approved, Directors undertake to:
 - Record all resolutions and deliberations in the form of written meeting minutes signed by the Board Chairman and Secretary.
 - Disclose the details pertaining to any Related-Party transactions in accordance with the Companies Law and Corporate Governance Regulations.



16. Waivers

The Company has not applied to the CMA in order to obtain any waivers from any legal requirements.

17. Subscription Terms and Conditions

The Company has submitted an application to the CMA for the registration and Offer of the securities, and an application for Listing of the Shares to the Exchange in accordance with the OSCOs and Listing Rules.

All Subscribers must carefully read the Subscription Terms and Conditions before filling out their Subscription Application Form. Submission of a Subscription Application Form to the Bookrunner or the Receiving Agents is deemed as an acknowledgement and acceptance of said Subscription Terms and Conditions.

17.1 Subscription to Offer Shares

The Offering process consists of offering ninety million (90,000,000) Ordinary Shares with a fully paid nominal value of SAR (1) per Share at an Offer Price of SAR [•] per Share. The Offering Shares represent thirty percent (30%) of the Company's capital. The total value of the Offering is [•] Saudi Riyals (SAR [•]). Note that the Offering to Individual Subscribers and the subsequent Listing of Shares is subject to the success of the Subscription by Participating Entities and full coverage of the Offer Shares. The Offering shall be cancelled if it is not covered during the Offering Period. The CMA may suspend this Offering after approving this Prospectus prior to the acceptance of the Shares to be listed on the Exchange in the event that there is a material change that would have a material adverse impact on the Company's operations.

The Offering is restricted to the following two groups of investors:

Tranche (A): Participating Parties:

This tranche comprises the parties eligible to participate in the Book-Building process in accordance with the Book-Building Instructions. The number of Offer Shares to be initially allocated to subscribing institutions is ninety million (90,000,000) Shares, representing one hundred percent (100%) of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers for the Offer Shares, then the Financial Advisor has the right to reduce the number of Shares initially allocated to Participating Entities to a minimum of seventy-two million (72,000,000) Ordinary Shares, representing eighty percent (80%) of the total Offer Shares. The mechanism for allocating the offered shares will be determined as the Financial Advisor deems appropriate in consultation with the Company using the discretionary allocation mechanism.

Tranche (B): Individual Subscribers:

This tranche includes Saudi natural persons, including any Saudi female divorcee or widow Saudi woman with minor children from a non-Saudi husband, who is entitled to subscribe for her name or in the names of her minor children for her own benefit, provided that she provides submits proof that she is a divorcee or widow and proof that she is the mother of her minor children, in addition to any non-Saudi natural person who is a resident in the Kingdom or any GCC national who has an investment account and an active portfolio at one of the Receiving Agents or has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the laws shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of eighteen million (18,000,000) Shares, representing twenty percent (20%) of the total Offer Shares, shall be allocated to Individual Subscribers. In the event that Individual Subscribers do not subscribe in full for the Offer Shares allocated thereto, the Financial Advisor and the Lead Manager have the right to reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for by them.

17.2 Book-Building and Subscription by Participating Parties

- a. The number and percentage of Offer Shares to be allocated to the Participating Parties will be determined as the Financial Advisor deems appropriate in consultation with the Company using the discretionary allocation mechanism.
- b. Participating Entities registered in the Kingdom can submit requests to participate in the Book-Building process by filling out Subscription Application Forms. Participating Entities may amend or cancel their applications at any time during the Book-Building Period, provided that said requests are amended by submitting a modified Application Form or an appendix Application Form (where applicable) before the Offer Price determination process that will take place before the Book-Building process period ends. The number of Offer Shares for each of the Participating Entities shall not be less than two hundred and fifty thousand (250,000) Shares, and no more than fourteen million, nine hundred and ninety-nine thousand, nine hundred and ninety-nine (14,999,999)

Shares. The number of requested shares must be allocatable. The Bookrunner shall notify the Participating Entities regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscription by Participating Entities must begin, provided that Participating Entities inside and outside the Kingdom must submit Subscription Application Forms during the Offering Period, which also includes Individual Subscribers, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Application Forms.

- c. Once the Book-Building process for Participating Parties is completed, the Bookrunner shall announce the coverage percentage by Participating Parties.
- d. The Financial Advisor and the Company shall have the authority to determine the Offer Price as dictated by supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement, and that the subscription price be aligned with the price change units applied by Tadawul.

17.3 Subscription by Individual Subscribers

Each Individual Subscriber must fill out an Individual Subscription Application Form and must subscribe for a minimum of 10 Shares and a maximum of 2,500,000 Shares. Changes to or withdrawal of the Individual Subscription Application Form shall not be permitted once submitted.

Subscription Application Forms will be made available during the Offering Period through the websites of the Receiving Agents that provide this service. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Individual Subscribers can also subscribe through the internet, applications, telephone banking or ATMs of any of the Receiving Agents that offer any or all such services to its customers, provided that the following requirements are satisfied:

- i. The Individual Subscriber has an investment account and an active portfolio with a Receiving Agent providing these services;
- ii. There have been no changes in the information or data of the Individual Subscriber (by way of exclusion or addition of any member of his family) since his subscription in the last Initial Public Offering; and
- iii. Individual Subscribers who are not Saudi nationals or GCC nationals must have an active portfolio at one of the Receiving Agents through which the subscription is desired.

Upon signing and submitting the Individual Subscription Application Form to any of the Receiving Agents, it shall be deemed a legally binding agreement between the Selling Shareholders and the relevant Individual Subscriber submitting the application.

Individual Subscribers may obtain a copy of this Prospectus from the websites of the following Receiving Agents (Copies of this Prospectus are also available on the website for the CMA, Financial Advisor and the Company):

Receiving Agents

BSF Capital

King Fahad Road 8092
 4th Floor, Legend Tower
 P.O. Box 23454 Riyadh 12313-3735
 Kingdom of Saudi Arabia
 Tel: +966 (11) 282 6666
 Fax: +966 (11) 282 6723
 Website: www.bsfcapital.com
 Email: sfc-supportcenter@bsfcapital.sa



AlRajhi Capital

Head Office, King Fahad Road, Al Murooj District
 P.O. Box 5561 Riyadh 11432
 Kingdom of Saudi Arabia
 Tel: +966 92 000 5856
 Fax: +966 (11) 460 0625
 Website: www.alrajhi-capital.com
 Email: investmentbankingteam@alrajhi-capital.com



Receiving Agents

SAB Invest

Olaya Main Street
P.O. Box 1467 Riyadh 11431
Kingdom of Saudi Arabia
Tel: 8001242442
Fax: +966 (12) 216 9102
Website: www.sabinvest.com
Email: customercare@sabinvest.com

**Alinma Capital**

Al Anoud Tower 2, King Fahad Road
P.O. Box 55560 Riyadh 11544
Kingdom of Saudi Arabia
Tel: +966 (11) 218 5999
Fax: +966 (11) 218 5970
Website: www.alinmainvestment.com
Email: Info@alinmainvest.com

**Riyad Capital**

2414 - Al Shuhada District, Unit No. 69
P.O. Box 13241 Riyadh 7279
Kingdom of Saudi Arabia
Tel: +966 (11) 486 5649
Fax: +966 (11) 486 5908
Website: www.riyadcapital.com
Email: ask@riyadcapital.com

**Aljazira Capital**

King Fahad Branch Road, Al Rahmanyah
P.O. Box 20438 Riyadh 11455
Kingdom of Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Website: www.aljaziracapital.com.sa
Email: contactus@aljaziracapital.com.sa

**Alistithmar Capital**

King Fahad Branch Road
P.O. Box 6888 Riyadh 11452
Kingdom of Saudi Arabia
Tel: +966 (11) 254 7666
Fax: +966 (11) 489 6253
Website: www.icap.com.sa
Email: WebEcare@icap.com.sa

**Albilad Capital**

King Fahad Road, Al Olaya, Riyadh – 12313 – 3701
Kingdom of Saudi Arabia
Tel: 800116002
Fax: +966 (11) 290 6299
Website: www.albilad-capital.com
Email: investmentbanking@albilad-capital.com

**ANB Capital**

King Faisal Street
ANB Capital Building
P.O. Box 220009 Riyadh 11311
Kingdom of Saudi Arabia
Tel: +966 (11) 406 2500
Fax: +966 (11) 406 2548
Website: www.anbcapital.com.sa
Email: Investment.Banking@anbcapital.com.sa



Receiving Agents

SNB Capital

King Saud Street, Al-Murabba District - Building No. 7347
P.O. Box 2575, Riyadh 12624
Kingdom of Saudi Arabia
Tel: +966 920000232
International Call Center: +966 (11) 406 0052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com.sa



Derayah Financial

Riyadh - Al-Takhassusi Street - Prestige Center - Third Floor
Kingdom of Saudi Arabia
Tel: +966 (11) 299 8000
Fax: +966 (11) 419 5498
Website: www.derayah.com
Email: support@derayah.com



Yaqeen Capital

ANB Capital Building
Al Worood District - Al Olaya Road - Riyadh
P.O. Box 884 Riyadh 11421
Kingdom of Saudi Arabia
Tel: +966 800 429 8888
Fax: +966 (11) 205 4827
Website: www.yaqeen.com
Email: addingvalue@yaqeen.sa



Alkhabeer Capital

Madinah Road, Jeddah
P.O. Box 128289 Jeddah 21362
Kingdom of Saudi Arabia
Tel: +966 (12) 612 9345
Fax: +966 (12) 685 6663
Website: www.alkhabeer.com
Email: info@alkhabeer.com



Sahm Capital

King Abdullah Financial District - Tower 305
Riyadh 13519
Kingdom of Saudi Arabia
Tel: +966 (11) 414 5260
Website: www.sahmcapital.com
Email: info@sahmcapital.com



GIB Capital

Granada Business & Residential Park - Building 1
Eastern Ring Road
P.O. Box 89589, Riyadh 11692
Kingdom of Saudi Arabia
Tel: +966 8001240121
Website: www.gibcapital.com
Email: customercare@gibcapital.com



Musharaka Capital

Prince Turkey Street, Alkurnaish,
Al Khobar 34413,
Kingdom of Saudi Arabia,
Tel: +966 92000 6811
Fax: +966 13 881 8412
Website: www.musharaka.sa
Email: receiving-entity@musharaka.sa



Receiving Agents

EFG Hermes KSA

Third Floor, Northern Tower, Sky Towers,
King Fahd Road, Al Olaya, Riyadh
P.O. Box 300189, Riyadh 11372
Kingdom of Saudi Arabia
Tel: +966 11 2938048
Fax: +966 11 2938032
Website: www.efghermesksa.com
Email: ksareipo@efg-hermes.com



Awaed Alosool Capital

AlUrubah Road 2163, AlMathar Ash Shamali 12334,
Home Offices, Riyadh,
Saudi Arabia
Tel: 8001111870
Website: www.awaed.capital
Email: ipo_awaed@awaed.co



The Receiving Agents providing this service will commence receiving Subscription Application Forms through the internet, telephone banking, ATMs, or any other electronic channels made available by the Receiving Agents to their customers, beginning on Tuesday 18/02/1447H (corresponding to 12/08/2025G), until Thursday 20/02/1447H (corresponding to 14/08/2025G), such process will last for Three (3) days. Once the Subscription Application Form is signed and submitted, the relevant Receiving Agent receiving it, will stamp it and provide the Individual Subscriber with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Individual Subscriber does not have the right to claim any compensation for the damages incurred due to such cancellation.

Subscriptions by an Individual Subscribers for less than 10 Shares or fractions of Shares will not be accepted, and any subscription to shares above 10 must be in multiple thereof. Noting that the maximum subscription is 2,500,000 Offer Shares.

Subscription Application Forms shall be submitted during the Offering Period and accompanied, where applicable, with the following documents (provided that the Receiving Agents shall verify all copies against the originals and return the originals to the relevant Individual Subscriber):

1. the original and copy of the national civil identification card or residency identification card (for the Individual Subscriber, including GCC nationals and foreign residents);
2. the original and copy of the family register (when subscribing on behalf of family members);
3. the original and copy of a power of attorney (when subscribing on behalf of others);
4. the original and copy of certificate of guardianship (when subscribing on behalf of orphans);
5. the original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
6. the original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
7. the original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event that a Subscription Application Form is submitted on behalf of an Individual Subscriber (applies to parents and children only), the person signing on behalf of the Individual Subscriber should state his name and attach an original and copy of a valid power of attorney. The power of attorney shall be issued by a notary public or a licensed notary for Individual Subscribers residing in the Kingdom. As for Individual Subscribers residing outside the Kingdom, their power of attorney shall be legalized through a Saudi embassy or consulate in the relevant country. The relevant official at the Receiving Agent shall compare the copies with the original and return the original to the Subscriber.

It shall suffice to fill out one Subscription Application Form for the primary Individual Subscriber and family members appearing on his family identification card if the family members are applying for the same number of Offer Shares as the primary Individual Subscriber. In such case:

1. All Offer Shares allocated to the primary Individual Subscriber and dependent Individual Subscribers will be registered in the primary Individual Subscriber's name;

2. The primary Individual Subscriber will receive any refund in respect of amounts not allocated and paid for by himself or dependent Individual Subscribers; and
3. The primary Individual Subscriber will receive all dividends distributed in respect of the Offer Shares allocated to themselves and dependent Individual Subscribers (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

1. The Subscriber wishes to register the Offer Shares to be allocated in a name other than the name of the primary Individual Subscriber;
2. The amount of Shares the primary Individual Subscriber intends to apply for differs from that of the dependent Individual Subscribers; and
3. If a wife wishes to subscribe in her name and for the allocated shares to be registered to her account, (she shall complete a Subscription Application Form for herself separate from that of the primary Individual Subscriber). In this case, any application made by her husband on her behalf shall be cancelled and the wife's separate Subscription Application Form shall be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband is entitled to subscribe in the names of her minor children for her own benefit, provided that she submits proof of that she is the mother of her minor children. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Subscribers. The maximum age for non-Saudi dependents to be included with their mother is eighteen (18). Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in his Subscription Application Form, multiplied by the Offer Price of [SAR ٥] per Share. Each Individual Subscriber shall acquire the number of Offer Shares allocated thereto upon:

1. Delivery by the Individual Subscriber of the Subscription Application Form to any of the Receiving Agents;
2. Payment in full to the Receiving Agent of the number of the total value of the Shares subscribed for.

The total value of the Offer Shares shall be paid in full to the Receiving Agents, by debiting the account of the Individual Subscriber at the Receiving Agent where the Subscription Application Form was submitted.

For clarification purposes, the holders of the Offer Shares are entitled to receive any dividends declared by the Company from the date of this Prospectus and the following financial years.

If a submitted Subscription Application Form is not in accordance with the terms and conditions of the Offer, the Company shall have the right to reject such application in full or in part. The Individual Subscriber shall accept any number of Offer Shares allocated thereto, unless the allocated shares exceed the number of Offer Shares he has applied for.

17.4 Allocation and Refunds

The Lead Manager shall open and operate an escrow account, for the purpose of depositing and keeping subscription monies collected from Participating Parties and Receiving Agents (on behalf of Individual Subscribers). Subscription monies shall be transferred to the Selling Shareholders only after Listing and following the deduction of certain fees and expenses. Details of the escrow account shall be specified in the subscription forms. In addition, each Receiving Agent shall deposit all amounts received from the Individual Subscribers into the escrow account, the details of which shall be specified in the Individuals' Subscription Application Form.

The Lead Manager or the Receiving Agents (as applicable) shall notify Subscribers informing them of the final number of Offer Shares allocated thereto, together with the amounts to be refunded to Subscribers.

Excess subscription monies (if any) will be refunded to the Subscribers in whole without any commissions or deductions, and will be deposited in the Subscribers' account as specified in the Subscription Application Form.

The announcement of the final allocation shall be made no later than Wednesday 26/02/1447H (corresponding to 20/08/2025G) and refund process shall be made no later than Thursday 27/02/1447H (corresponding to 21/08/2025G) (for further details, see Page xviii ("Key Dates and Subscription Procedures")). Subscribers should communicate with the Lead Manager or the branch of the Receiving Agent where they submitted their Subscription Application Form (as applicable) for any further information.

17.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisors, in consultation with the Company, shall determine the final allocation of Offer Shares for the Participating Entities as they see fit, after the allocation of Offer Shares to Individual Subscribers is completed. The number of Offer Shares initially allocated to Participating Parties is ninety million (90,000,000) Ordinary Shares representing one hundred percent (100%) of the total Offer Shares. Noting that in the event there is sufficient demand by Individual Subscribers for the Offer Shares, then the Financial Advisor has the right to reduce the number of Shares initially allocated to Participating Parties to seventy-two million (72,000,000) Ordinary Shares representing eighty percent (80%) of the total Offer Shares.

The Offering Shares will be finally allocated to the Participating Categories as determined by the Financial Advisor in consultation with the Company after the allocation of the Individual Subscribers segment has been completed. The number of Offering Shares that will be initially allocated to the Participating Categories is ninety million (90,000,000) ordinary shares, representing one hundred percent (100%) of the total number of Offering Shares. Note that in the event of sufficient demand from the Individual Subscribers, the Financial Advisor has the right to reduce the number of Offering Shares allocated to the Participating Entities to seventy-two million (72,000,000) ordinary shares, representing eighty percent (80%) of the total number of Offering Shares.

17.4.2 Allocation of Offer Shares to Individual Subscribers

The Financial Advisors, in consultation with the Company and the Selling Shareholders, shall determine the allocation of Offer Shares to be allocated to Individual Subscribers as they see fit. There will be an allocation of a maximum of eighteen million (18,000,000) ordinary Shares representing, representing twenty percent (20%) of the total Offer Shares, to Individual Subscribers. The minimum allocation per Individual Subscriber is (10) Shares, and the maximum allocation thereof is (2,500,000) Shares. The balance of the Offer Shares, if any, will be allocated on a pro-rata basis of each Individual Subscriber's application in proportion to the total number of requested Shares. In the event that the number of Individual Subscribers exceeds 1,800,000 Individual Subscribers, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company, the Financial Advisors and the Selling Shareholders. The surplus (if any) would be refunded to Individual Subscribers without any commissions or deductions by the Receiving Agents.

17.5 Circumstances where Listing may be Suspended or Cancelled

17.5.1 Power to Suspend or Cancel Listing

1. The CMA may suspend share trading or cancel the listing at any time as it deems fit, in any of the following circumstances:
 - The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
 - The Company fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its implementing regulations or Exchange Rules.
 - The Company does not pay any fees due to the CMA or the Exchange, or penalties due to the CMA on time.
 - If it considers that the Company or its business, the level of its operations or its assets is no longer suitable to warrant the continued Listing of shares in the Exchange.
 - When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Issuer has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Issuer, that sufficient public information is available on the proposed transaction or the reverse takeover, the CMA may decide not to suspend trading at this stage.
 - When information about the proposed transaction of reverse takeover is leaked and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
 - Upon filing a request for commencing financial reorganization procedures before the court under the Bankruptcy Law, for an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.
 - Upon filing a request for commencing Issuer liquidation procedures or administrative liquidation procedure before the court under the Bankruptcy Law.
 - Upon issuance of a final court ruling to end Issuer financial reorganization procedures and initiation of liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.
 - Upon issuance of a final court ruling to commence Issuer liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.

2. The Exchange shall suspend the trading of the securities of the Issuer in any of the following cases:
 - In the event Issuer does not comply with the deadlines for the disclosure of its periodic financial information, in accordance with the OSCOs until the disclosure thereof.
 - In the event the auditor's report on the financial statements of the Issuer contains an adverse opinion or an abstention from expressing an opinion.
 - If the liquidity requirements set out in Chapters 2 and 8 of the Listing Rules are not met after the lapse of the period determined by the Exchange for the Issuer to rectify its positions, unless the CMA approves otherwise.
 - The issuance of a decision by an Extraordinary General Assembly of the Issuer to reduce its capital for the two trading days following the issuance of such resolution.

17.5.2 Voluntary Cancellation of Listing

1. The Issuer, after it is listed on the Exchange, may not cancel the listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the Issuer must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application shall include the following:
 - a. Specific reasons for the cancellation request;
 - b. A copy of the disclosure referred to in Paragraph (D) below.
 - c. A copy of the relevant documentation and a copy of each related communication to Shareholders, if the cancellation is to take place as a result of an acquisition or other corporate action by the Issuer; and
 - d. Names and contact information of the Financial Advisor and Legal Advisor appointed according to the relevant implementing regulations.
2. The CMA may, at its discretion, approve or reject the cancellation request.
3. Once approval from the CMA has been obtained for the cancellation of listing, the Issuer must obtain the consent of its Extraordinary General Assembly.
4. Where cancellation is made at the Issuer's request, the Issuer must disclose that to the public as soon as possible. The disclosure has to include at least the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the Issuer's activities.

17.5.3 Temporary Trading Suspension

- a. The Company may request the Exchange to implement a temporary trading suspension upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. In such case, the Exchange suspends trading of the securities of the Issuer as soon as it receives the request.
- b. Where a temporary trading suspension is made at the Issuer's request, the Issuer must disclose as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension, the event leading thereto and the extent it affects the Company's activities.
- c. The CMA may impose a temporary trading suspension without a request from the Issuer, where the CMA becomes aware of information or circumstances affecting the Issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. The Issuer, once its securities are subject to temporary trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.
- d. The Exchange may recommend to the CMA to practice its powers in accordance with the above Paragraph (C), if it discovers any information or circumstances that might affect the Company's activities which might affect the market's activities or investors' protection.
- e. A temporary trading suspension will be lifted following the elapse of the disclosure period referred to in the above Paragraph (B), unless the CMA or the Exchange decide otherwise.

17.5.4 Lifting of Suspension

Lifting of trading suspension, as per Paragraph 1 of Section 17.5.1 ("**Power to Suspend or Cancel Listing**"), is subject to the following:

1. Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
2. Lifting the suspension is unlikely to affect the normal activity of the Exchange.

3. The Issuer complies with any other conditions that the CMA may require.
4. In the event that the suspension is due to the Issuer's accumulated losses of 50% or more of its capital before the court under the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial restructuring procedure for the Issuer in accordance with the law issued by the competent authority and governing the Issuer's activities.
5. In the event that the suspension was due to an Issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Issuer to correct such suspension, the CMA may cancel the listing of securities of the Issuer.

17.5.5 Re-registering and Listing of Cancelled Securities

If the Company wishes to re-list its shares after the cancellation thereof, it must submit a new application to list its shares in accordance with the Listing Rules, and fulfil the relevant requirements stipulated in the OSCOs and the Listing Rules.

17.6 Approvals and Decisions under which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are offered and listed:

1. The Company's Board of Directors resolution approving the Public Offering of the Company's shares dated 23/01/1446H (corresponding to 29/07/2024G);
2. The Extraordinary General Assembly resolution dated 24/01/1446H (corresponding to 30/07/2024G) approving the Public Offering of the Company's Shares.
3. the CMA's announcement approving the Offering dated 20/09/1446H (corresponding to 20/03/2025G).
4. The Saudi Stock Exchange Tadawul's conditional Listing approval.
5. Masar for Finance's approval on the offering and waiver of termination clause, dated 01/10/2024G.
6. Banque Saudi Fransi's approval on the Offering, dated 29/09/2024G.
7. Riyadh Bank's approval on the Offering, dated 13/10/2024G.
8. AlRajhi Bank's approval on the Offering, dated 06/06/2024G.

17.7 Lock-Up Period

The Substantial Shareholders referred to on page (xiii) of this Prospectus may not dispose of any of their Shares, for a period of six (6) months from the date on which trading of the Company's Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders are not restricted from disposing of their Shares without prior CMA approval.

17.8 Acknowledgments by Subscribers

By completing and delivering the Subscription Application Form, each Subscriber:

1. agrees to subscribe to the number of Offer Shares specified in the submitted Subscription Application Form;
2. warrants that he has read and carefully reviewed this Prospectus and understood all its content;
3. agrees to the Company's Bylaws and all Offering instructions and terms and conditions mentioned in this Prospectus and the Subscription Application Form, and subscribes in the Shares accordingly;
4. declares that he has never subscribed to the Company's Shares and accepts that the Company has the right to reject any or all duplicate applications;
5. accepts the number of Offer Shares allocated to him (up to the maximum of the amount subscribed for) as per the Subscription Application Form; and
6. warrants not to cancel or amend the Subscription Application Form, after submitting it to the Lead Manager or the Receiving Agent. (For further details about the allocation process and surplus refund, please refer to Section 17.4 ("Allocation and Refunds") hereof).

17.9 Shares' Record and Trading Arrangements

The Depository Center (Edaa) shall keep a shareholders' record containing their names, nationalities, addresses, professions, the Shares held thereby, and the amounts paid for these Shares.

17.10 Saudi Stock Exchange

In 1990G, full electronic trading in the Kingdom was introduced. The Tadawul System was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. The said times are subject to change during the month of Ramadan or in other months, and they are announced by the Saudi Exchange. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. The Tadawul System distributes a comprehensive range of information through various channels, including in particular the Saudi Exchange website (Tadawul) and the Saudi Exchange Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that shares ownership transfer takes two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important for the investors via the Saudi Exchange. Surveillance and monitoring are the responsibility of the Saudi Exchange as the operator of the mechanism through which the market operates in order to ensure fair and smooth trading in Shares.

17.10.1 Securities Depository Center (Edaa)

Securities Depository Center Company (Edaa) was established in 2016G, in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. It is a closed joint-stock company fully owned by the Saudi Exchange (Tadawul) Group, with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of ten Saudi Riyals (SAR 10) per share.

The establishment was based on CMA Board's approval of Tadawul's Board of Directors request in relation to conversion of the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H.

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organizes issuers' general assemblies, including the remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with CML and its implementing regulations.

17.11 Trading in the Company's Shares

It is expected that trading in the Company's Shares will commence after the final allocation of shares and the Saudi Exchange announcement of the start date of trading of the Shares. Natural Saudi nationals, KSA residents holding valid residency permits, GCC nationals, as well as Saudi and GCC companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, QFIs, Strategic Foreign Investors and Foreign Investors who are clients of a licensed Capital Market Institution will be permitted to conduct management works in the Company's Shares in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Foreign non-Saudi Individual Subscribers residing outside the Kingdom, and institutions registered outside the Kingdom will also have the right to invest indirectly to acquire economic benefits in the Shares, by entering into swap agreements with a Capital Market Institution licensed by the CMA, and to acquire and trade in the Shares on the Exchange on behalf of non-GCC Foreign Investors. The Capital Market Institution shall be deemed the legal owners of the shares under the swap agreements.

Furthermore, the Offer Shares can only be traded after allocated Offer Shares have been credited to Subscribers accounts at the Exchange, the Company has been registered and its Shares listed on the Exchange before trading. Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholder shall have no legal responsibility in connection with pre-trading activities.

17.12 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the items and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been issued in Arabic and English. If there is any conflict between the Arabic and English texts, the Arabic version shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares to any person in any country other than the Kingdom are expressly prohibited, except for GCC, QFIs, Strategic Foreign Investors and other foreign investors investing through swap agreements, taking into account the relevant laws and instructions regulating the same. This Offering is not an invitation to the sale or solicitation to purchase Shares in any country in which such Offering is not regulated or permitted. All recipients of this Prospectus are required to familiarize themselves with and comply with all statutory restrictions relating to the subscription and sale of Offer Shares.

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office located at Al Qairawan District, Riyadh between 9 a.m. and 4 p.m. from 26/01/1447H (corresponding to 21/07/2025G) until 24/02/1447H (corresponding to 18/08/2025G) for a period of no less than twenty (20) days prior to the end of the Offering Period:

1. Copy of the CMA's announcement of the approval of the Offering.
2. The recommendation of the Board of Directors to offer the Company's Shares for public subscription.
3. The Extraordinary General Assembly resolution approving the Offering
4. Company's Bylaws, and amendments thereto.
5. Company and Subsidiaries Articles of Association, and amendments thereto.
6. Company's commercial registration certificate issued by MoC.
7. The Group's audited consolidated financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, which have been prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia (IFRS-KSA), and with the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G, prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.
8. The Group's audited consolidated financial statements for the financial year ended 31 December 2024G, which have been prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia (IFRS-KSA), and with the Interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2025G, prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.
9. Market study prepared by the Market Study Consultant.
10. All reports, letters, and other documents, valuations and data prepared by any expert wholly or partly included or referred to herein.
11. Letters of consent from each of:
 - The Financial Advisor, Lead Manager, Bookrunner, and Underwriter (BSF Capital) for the inclusion of its name, logo and declarations, if any, in this Prospectus.
 - The Auditor (Turki Abdulmohsen Alluhaid & Saleh Abdullah Al Yahya Chartered Accountants and Auditors) for the inclusion of its name, logo and declarations, if any, in this Prospectus, as the Company's Auditor of the audited consolidated financial statements prepared for the Company for the financial year ending 31 December 2021G in accordance with IFRS-KSA as endorsed by SOCPA.
 - The Auditor (Ernst & Young Professional Services (Professional LLC)), for the inclusion in this Prospectus, of its name, logo or reports, as the Company's Auditor for the audited consolidated financial statements prepared for the Group for FY2022G and FY2023G, prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom (IFRS-KSA), and the Interim condensed consolidated financial statements for the Nine-Month Period Ended 30 September 2024G, prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.
 - The Financial Due Diligence Advisor (PricewaterhouseCoopers (PwC) - Chartered Accountants) for the inclusion of its name, logo and declarations, if any, in this Prospectus.
 - The Market Study Consultant (Professional Real Estate Company – Colliers (Single Person Company)) for the inclusion of its name, logo and declarations in this Prospectus.
 - The Legal Advisor (Baker McKenzie Law Firm), for the inclusion of its name, logo and declarations, if any, in this Prospectus
 - The Legal Advisor to the Financial Advisor, Lead Manager, Bookrunner, and Underwriter (Zeyad Sameer Khoshaim Law Firm (Professional Limited Liability Company)), for the inclusion of its name, logo and declarations, if any, in this Prospectus.
12. Document clarifying the mechanism relied upon to determine the price range used in the Book-Building Process.
13. Investors presentation document contains forward-looking statements relating to the Company's anticipated future financial performance.



19. Consolidated Financial Statements and Auditors' Reports



**DAR AL MAJID REAL ESTATE COMPANY AND
ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(UNAUDITED)**



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
31 MARCH 2025

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Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6-7
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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

**Independent auditor's review report on the interim condensed consolidated financial statements
To the Shareholders of Dar Al Majid Real Estate Company (A Saudi Closed Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Dar Al Majid Real Estate Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2025, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are 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.

for Ernst & Young Professional Services

Fahad M. Altoaimi
Certified Public Accountant
License No. (354)

Riyadh: 9 Thul-Qi'dah 1446H
(7 May 2025)





DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2025

		31 March 2025	31 December 2024
	Note	(Unaudited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	26,445,166	24,227,015
Right-of-use assets		2,617,909	-
Investment properties	5	399,122,392	161,652,792
Inventory properties under development	6	723,565,654	969,530,137
Finance lease contracts		6,593,546	-
Investments in equity instruments at fair value through other comprehensive income	8	180,108,924	164,504,498
Financial assets at fair value through profit or loss		259,126,788	204,859,391
TOTAL NON-CURRENT ASSETS		1,597,580,379	1,524,773,833
CURRENT ASSETS			
Inventory properties	6	709,024,363	723,915,374
Trade receivables		92,879,666	73,762,743
Contract assets	9	76,042,650	88,607,303
Prepayments and other current assets		178,328,241	115,409,401
Amounts due from related parties	10-1	25,093,064	20,278,005
Cash & cash equivalents and restricted cash	11	202,592,888	153,251,322
TOTAL CURRENT ASSETS		1,283,960,872	1,175,224,148
TOTAL ASSETS		2,881,541,251	2,699,997,981
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	300,000,000	300,000,000
Statutory reserve		44,598,701	44,598,701
Fair value reserve on investments at fair value through other comprehensive income		100,067,860	84,463,434
Retained earnings		549,139,382	447,231,690
Equity attributable to shareholders of the Parent Company		993,805,943	876,293,825
Non-controlling interests		42,928,195	36,391,862
TOTAL EQUITY		1,036,734,138	912,685,687
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	13	796,281,598	984,016,412
Employees' defined benefit liabilities		6,349,592	6,355,884
Lease liability		8,141,914	-
Contract liabilities		75,602,304	41,769,009
TOTAL NON-CURRENT LIABILITIES		886,375,408	1,032,141,305
CURRENT LIABILITIES			
Loans and borrowings	13	420,734,815	165,000,000
Lease liability		2,788,186	-
Trade and other payables		254,111,712	266,288,265
Contract liabilities		83,928,968	129,907,985
Amounts due to related parties	10-2	178,667,878	178,083,810
Zakat payable	14	18,200,146	15,890,929
TOTAL CURRENT LIABILITIES		958,431,705	755,170,989
TOTAL LIABILITIES		1,844,807,113	1,787,312,294
TOTAL EQUITY AND LIABILITIES		2,881,541,251	2,699,997,981

Chief Executive Financial Officer
Mohammed Salah

Chief Executive Officer
Sulaiman Al-Ayed

Managing Director
Abdelsalam Almajid

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

		<i>For the three-month period ended 31 March 2025 ﷲ (Unaudited)</i>	<i>For the three-month period ended 31 March 2024 ﷲ (Unaudited)</i>
	<i>Note</i>		
Revenue from sale of property units	15-1	177,691,770	376,299,797
Revenues from sale of lands	15-1	72,305,870	-
Cost of sales of property units	15-2	(136,640,864)	(324,678,746)
Cost of sales of lands	15-2	(38,186,182)	-
PROFIT FROM SALE OF PROPERTY AND LANDS		75,170,594	51,621,051
Real estate development income	15-1	6,646,653	7,928,103
Real estate commission income	15-1	4,824,143	14,197,114
Operating cost – development and commission	15-2	(4,931,506)	(565,027)
PROFIT FROM REAL ESTATE DEVELOPMENT AND COMMISSION		6,539,290	21,560,190
Gains from valuation of investment properties	5	55,889,204	-
GAINS ON INVESTMENT PROPERTIES		55,889,204	-
Rental income	15-1	2,819,338	3,240,727
Depreciation of right-of-use assets	15-2	-	(95,861)
Cost of rent		(351,477)	(282,713)
RENTAL PROFIT		2,467,861	2,862,153
Maintenance income	15-1	4,137,000	4,137,000
Maintenance cost	15-2	(4,392,098)	(2,462,950)
MAINTENANCE (LOSS) PROFIT		(255,098)	1,674,050
GROSS PROFIT		139,811,851	77,717,444
General and administrative expenses		(12,908,395)	(13,731,715)
Selling and marketing expenses		(1,960,929)	(1,749,953)
OPERATING PROFIT		124,942,527	62,235,776
Finance costs		(4,728,707)	(583,752)
Share of results of an associate	7	-	2,121,364
Other (expense) income		(2,166,109)	4,550,925
PROFIT FOR THE PERIOD BEFORE ZAKAT		118,047,711	68,324,313
Zakat	14	(2,309,217)	(1,770,297)
NET PROFIT FOR THE PERIOD		115,738,494	66,554,016
Attributable to:			
Equity holders of the parent Company		101,907,692	48,439,789
Non-controlling interests		13,830,802	18,114,227
		115,738,494	66,554,016

Earnings per share of net profit for the year attributable to the shareholders of the Parent Company (ﷲ)

Basic and diluted earnings per share from the net profit for the period attributable to the parent Company's shareholders

17 0.34 0.16

Chief Executive Officer
Mohamed Salah

Chief Executive Officer
Sulaiman Al-Ayed

Managing Director
Abdelsalam Almajid

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

		<i>For the three- month period ended 31 March 2025 S</i>	<i>For the three- month period ended 31 March 2024 S</i>
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
NET PROFIT FOR THE PERIOD		115,738,494	66,554,016
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that will not be reclassified to profit in subsequent periods</i>			
Unrealized profit from change in fair value on investment in equity instruments	8	15,604,426	-
Other comprehensive income for the period		15,604,426	-
Total comprehensive income for the period		131,342,920	66,554,016
Total comprehensive income attributable to:			
Shareholders of the Parent Company		117,512,118	48,439,789
Non-controlling interests		13,830,802	18,114,227
		131,342,920	66,554,016


 Chief Executive Financial Officer
 Mohammed Salah


 Chief Executive Officer
 Sulaiman Al-Ayed


 Managing Director
 Abdelsalam Almajid

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

	Share capital	Statutory reserve	Fair value reserve on investments at fair value through other comprehensive income	Retained earnings	Total equity attributable to the Parent Company's shareholders	Non-controlling interests	Total equity
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
As at 31 December 2023 (Audited)	300,000,000	44,598,701	-	321,356,811	665,955,512	65,617,808	731,573,320
Net profit for the period	-	-	-	48,439,789	48,439,789	18,114,227	66,554,016
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	48,439,789	48,439,789	18,114,227	66,554,016
Dividends (Note 18)	-	-	-	-	-	(12,041,623)	(12,041,623)
As at 31 March 2024 (Unaudited)	300,000,000	44,598,701	-	369,796,600	714,395,301	71,690,412	786,085,713
As at 31 December 2024 (Audited)	300,000,000	44,598,701	84,463,434	447,231,690	876,293,825	36,391,862	912,685,687
Net profit for the period	-	-	-	101,907,692	101,907,692	13,830,802	115,738,494
Other comprehensive income	-	-	15,604,426	-	15,604,426	-	15,604,426
Total comprehensive income for the period	-	-	15,604,426	101,907,692	117,512,118	13,830,802	131,342,920
Dividends (Note 18)	-	-	-	-	-	(7,294,469)	(7,294,469)
As at 31 March 2025 (Unaudited)	300,000,000	44,598,701	100,067,860	549,139,382	993,805,943	42,928,195	1,036,734,138

Chief Executive Financial Officer
Mohammed Salah

Chief Executive Officer
Sulaiman Al-Ayed

Managing Director
Abdelsalam Almajid

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

		<i>For the three- month period ended 31 March 2025 S (Unaudited)</i>	<i>For the three- month period ended 31 March 2024 S (Unaudited)</i>
	<i>Note</i>		
OPERATING ACTIVITIES			
Profit for the period before zakat		118,047,711	68,324,313
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation on property and equipment	4	233,851	259,318
Depreciation on right of use asset		174,527	95,861
Loss from finance lease contracts		740,236	-
Gains from valuation of investment properties	5	(55,889,204)	-
Valuation loss from financial assets at FVTPL		2,214,387	1,140,624
Dividends		(175,000)	-
Share of results of an associate	7	-	(2,121,364)
Finance income		(146,562)	-
Finance cost		18,932,880	583,752
		<u>84,132,826</u>	<u>68,282,504</u>
<i>Working capital adjustments:</i>			
Inventory property under development – non-current		47,637,782	(335,345,909)
Inventory properties		14,891,011	274,932,551
Contract assets		12,564,653	13,861,938
Trade receivables		(19,116,923)	(28,574,577)
Prepayments and other current assets		(62,365,895)	15,283,126
Amounts due from related parties		(4,815,059)	(57,365)
Trade and other payables		10,480,120	(84,390,737)
Contract liabilities		(12,145,722)	91,028,601
		<u>71,262,793</u>	<u>15,020,132</u>
Finance cost paid		(44,538,694)	(17,620,943)
Employee defined benefit liabilities paid		(6,292)	(945,184)
Zakat paid		-	(162,536)
Net cash flows from (used in) operating activities		<u>26,717,807</u>	<u>(3,708,531)</u>
INVESTING ACTIVITIES			
Addition to property and equipment	4	(2,452,002)	(34,005)
Addition to investment properties	5	-	(178,370)
Purchase of financial assets at FVTPL		(59,806,784)	(472,000,000)
Proceeds from sales of financial assets at FVTPL		3,325,000	472,500,000
Dividends received		175,000	-
Net cash flows (used in) from investing activities		<u>(58,758,786)</u>	<u>287,625</u>


 Chief Executive Financial Officer
 Mohammed Salah


 Chief Executive Officer
 Sulaiman Al-Ayed


 Managing Director
 Abdelsalam Almajid

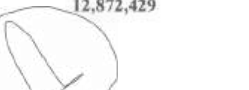
The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(Continued)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

		<i>For the three- month period ended 31 March 2025 S/</i>	<i>For the three- month period ended 31 March 2024 S/</i>
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	13	499,027,640	960,779,914
Repayments of loans and borrowings	13	(431,027,639)	(846,969,501)
Amounts due to related parties		20,279,513	(56,934,006)
Payment of a lease liability		(750,000)	(400,000)
Dividends paid to non-controlling interests	18	(7,294,469)	(12,041,623)
Proceeds from finance lease contracts		1,147,500	-
Net cash flows from financing activities		81,382,545	44,434,784
Net increase in unrestricted cash and cash equivalents		49,341,566	41,013,878
Unrestricted cash and cash equivalent at beginning of the period		153,251,322	168,314,921
Restricted cash		(160,741,695)	-
Unrestricted cash and cash equivalent at end of the period		41,851,193	209,328,799
SIGNIFICANT NON-CASH TRANSACTIONS:			
Finance and transaction costs capitalised	6	(16,746,305)	(8,534,499)
Investment properties transferred from inventory properties	5, 6	181,580,396	-
Recognition of the right to use and lease liabilities		2,792,436	-
Recognition of finance leases by crediting prepaid expenses and lease liabilities		12,872,429	-


 Chief Executive Financial Officer
 Mohammed Salah


 Chief Executive Officer
 Sulaiman Al-Ayed


 Managing Director
 Abdelsalam Almajid

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

1. GROUP INFORMATION

Dar Al Majid Real Estate Company a Saudi Closed Joint Stock Company (referred to in the consolidated financial statements as the "Company" or the "Parent Company") under the companies' law in the Kingdom of Saudi Arabia under unified number 7001852156 and commercial register No. 1010417874 issued on 20 Shaaban 1435H (corresponding to 18 June 2014).

The Company commenced its real estate development and investment activities as a Limited Liability Company under the name of "Nasser and Abdul Salam Sons of Abdul Rahman Al Majid Real Estate Company" with a share capital of **ﷲ** 100,000. On 7 Rabi' al-Thani 1442H (corresponding to 22 November 2020), the Company increased its share capital to **ﷲ** 300,000,000 and was converted into a Closed Joint Stock Company. On 27 Thul-Qi'dah 1445H (corresponding to 4 June 2024), the Company's Board of Directors resolved to offer the Company for initial public offering (IPO). On 20 March 2025, the Capital Market Authority approved the initial public offering of 90 million shares, which representing 30% of the Company's total outstanding shares, which amount to 300 million shares.

On 3 June 2024, the General Assembly of the shareholders resolved to change the number of shares from 30 million shares to 300 million shares and to change the nominal value of the share from **ﷲ** 10 to **ﷲ** 1.

The Company and its subsidiaries are engaged in the general construction of residential buildings, construction of prefabricated buildings on sites, renovations of residential and non-residential buildings, purchase and sale of land and real estate, division and off-plan sales activities, management and rent of owned or leased real estate (residential and non-residential), management and operation of hotel apartments and real estate management activities for a commission.

(a) Consolidated Subsidiaries

These interim condensed consolidated financial statements include the financial statements of the Company and the following subsidiaries (collectively the "Group"):

<i>Name</i>	<i>Country of Incorporation</i>	<i>% of shareholding</i>	
		<i>31 March 2025</i>	<i>31 December 2024</i>
Mohammed and Khalid sons of Abdul Rahman Al Majid Real Estate Company	Saudi Arabia	100%	100%
Hossam and Majed sons of Abdul Rahman Al Majed Real Estate Company	Saudi Arabia	100%	100%
Fikra Estesmar for Real Estate Development Company	Saudi Arabia	100%	100%
Nibras Al Amaken for Real Estate Development Company	Saudi Arabia	100%	100%
Taj Al Hudo for Real Estate Development Company	Saudi Arabia	100%	100%
Al Raayea Real Estate Company	Saudi Arabia	100%	100%
Jadet Al Shatea Real Estate Company	Saudi Arabia	70%	70%
Jadet Al Rabea Real Estate Company *	Saudi Arabia	25%	25%
Al Majdiah Investment Fund	Saudi Arabia	100%	100%
Al Dar Investment Fund	Saudi Arabia	70%	70%
Al Narjis Investment Fund	Saudi Arabia	64%	64%
Burj Al Raayea Real Estate Company**	Saudi Arabia	50%	50%

* Dar Al Majid Real Estate Company have 25% ownership in Jadet Al Rabea Real Estate Company. The remaining shares are in name of other two individual shareholders, The Group manages and controls all the operations, funds and financial and strategy of the company, therefore, it has been consolidated in these interim condensed consolidated financial statements.

** During 2024, Al Raayea Real Estate Company owned 50% share in Burj Al Raayea Real Estate Company, a limited liability company that was established in 2024 under the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 1009072138 issued on 11 Muharram 1446H (corresponding to 17 July 2024).

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

2. BASIS OF PREPARATION

a) Statement of compliance

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

The material accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 December 2024, except for the new standards and amendments effective from 1 January 2025 as disclosed in note 3.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024. In addition, results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

b) Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost basis using the accrual basis of accounting, except for investment properties, financial assets at fair value through profit or loss, investment in equity instrument at fair value through other comprehensive income that have been measured at fair value, and end of service benefits that have been measured at Projected Unit Credit Method.

c) Functional and presentation currency

These interim condensed consolidated financial statements are presented in **ﷲ**, which represents the Company's functional and presentation currency. These interim condensed consolidated financial statements have been rounded off to the nearest **ﷲ**, unless otherwise stated.

d) Critical accounting estimates and judgments

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's last annual consolidated financial statements for the year ended 31 December 2024.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

a) New and amended standards adopted by the Group

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 consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards, interpretations and amendments as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments apply, but do not have an impact on the interim condensed consolidated financial statements of the Group:

- Amendment to IAS 21 - Lack of exchangeability (effective from 1 January 2025).

There has been no material impact on the interim condensed consolidated financial statements of the Group upon adoption of the above amended standards.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

4. PROPERTY AND EQUIPMENT

	<i>Land (Note 4.1)</i>	<i>Buildings</i>	<i>Leasehold improvements</i>	<i>Motor vehicles</i>	<i>Furniture and office equipment</i>	<i>Computers, programs, and electronic devices</i>	<i>Project under construction</i>	<i>Total</i>
	س.م	س.م	س.م	س.م	س.م	س.م	س.م	س.م
<i>31 March 2025 (unaudited)</i>								
<i>Cost</i>								
At the beginning of the period	18,411,250	3,588,750	1,725,875	921,963	1,089,457	2,316,519	-	28,053,814
Additions	-	-	-	-	2,617	81,717	2,367,668	2,452,002
At the end of the period	18,411,250	3,588,750	1,725,875	921,963	1,092,074	2,398,236	2,367,668	30,505,816
<i>Accumulated depreciation</i>								
At the beginning of the period	-	631,129	391,755	641,200	815,491	1,347,224	-	3,826,799
Charge for the period	-	22,430	43,147	24,563	22,265	121,446	-	233,851
At the end of the period	-	653,559	434,902	665,763	837,756	1,468,670	-	4,060,650
<i>31 December 2024 (audited)</i>								
<i>Cost</i>								
At the beginning of the year	18,411,250	3,588,750	1,655,875	921,963	1,089,457	1,924,857	-	27,592,152
Additions	-	-	70,000	-	-	399,448	-	469,448
Disposal	-	-	-	-	-	(7,786)	-	(7,786)
At the end of the year	18,411,250	3,588,750	1,725,875	921,963	1,089,457	2,316,519	-	28,053,814
<i>Accumulated depreciation</i>								
At the beginning of the year	-	451,691	226,169	522,469	705,603	895,049	-	2,800,981
Charge for the year	-	179,438	165,586	118,731	109,888	456,711	-	1,030,354
Disposal	-	-	-	-	-	(4,536)	-	(4,536)
At the end of the year	-	631,129	391,755	641,200	815,491	1,347,224	-	3,826,799
<i>Net book value</i>								
As at 31 December 2024 (audited)	18,411,250	2,957,621	1,334,120	280,763	273,966	969,295	-	24,227,015
As at 31 March 2025 (unaudited)	18,411,250	2,935,191	1,290,973	256,200	254,318	929,566	2,367,668	26,445,166

4.1 The legal possession of land title deed is in the name of two shareholders, due to the inability to transfer the ownership of the property to Dar Al-Majid Real Estate Company (the "Parent Company") due to the suspension issued by the authorities for transferring the title deeds to the new owners relating to Al-Qrawan district. The shareholders have confirmed that this land is registered in their name for statutory purpose only and they confirmed the ownership of the land belongs to the Group.

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5. INVESTMENT PROPERTIES

	31 March 2025	31 December 2024
	ﷲ	ﷲ
	(Unaudited)	(Audited)
Lands	6,214,360	6,214,360
Buildings	392,908,032	155,438,432
	399,122,392	161,652,792

5.1 Movement in investment properties

31 March 2025 (unaudited)	Lands	Buildings	Total
	ﷲ	ﷲ	ﷲ
At 1 January 2025	6,214,360	155,438,432	161,652,792
Transferred from inventory properties (note 6)	-	181,580,396	181,580,396
Remeasurement adjustment	-	55,889,204	55,889,204
At 31 March 2025	6,214,360	392,908,032	399,122,392

31 December 2024 (audited)	Lands	Buildings	Total
	ﷲ	ﷲ	ﷲ
At 1 January 2024	25,029,719	139,908,936	164,938,655
Capital expense on owned properties	31,597	14,827,050	14,858,647
Remeasurement adjustment	(846,956)	702,446	(144,510)
Transferred to inventory properties (note 6)	(18,000,000)	-	(18,000,000)
At 31 December 2024	6,214,360	155,438,432	161,652,792

Based on the management's assessment and considering the changes in the market for the period ended 31 March 2025, the fair values of investment properties as at 31 March 2025 are not significantly different from that of 31 December 2024 for the existed properties at that date. The Group also transferred inventory properties amounting to ﷲ181.6 million during the three-month period ended 31 March 2025 to investment properties. These properties were valued at fair value using the market comparable approach and the income capitalization method, resulting in a remeasurement adjustment gain of ﷲ55.9 million. The Group signed a 10-year lease with an external lessee for one of the two projects transferred from the inventory properties at a rental value of ﷲ15 million with an annual incremental increase. Under market comparable approach, a property's fair value is estimated based on the market comparison between the property being valued and similar ones located in the same area and newly sold, and the value index of the property being value is derived from applying appropriate comparison units and making adjustments to the sale prices of similar properties based on comparative elements.

The valuations were performed by OPM by Olat Real Estate, an independent valuer with a recognised and relevant professional qualification and recent experience of the location and category of the investment property being valued and accredited from Saudi Authority for Accredited Valuers ("TAQEEM") under membership number 1210000397. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation model is consistent with the principles in IFRS 13.

6. INVENTORY PROPERTIES

	31 March 2025	31 December 2024
	ﷲ	ﷲ
	(Unaudited)	(Audited)
At the beginning of the period/year	1,693,445,511	1,494,586,457
Development costs incurred	78,805,643	1,153,366,461
Borrowing cost capitalized	16,746,305	30,245,333
Transferred to investment properties (note 5)	(181,580,396)	18,000,000
Disposals (recognized in cost of sales)	(174,827,046)	(1,002,752,740)
At the end of the period/ year	1,432,590,017	1,693,445,511

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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

6. INVENTORY PROPERTIES (continued)

	31 March 2025	31 December 2024
	SAR	SAR
	(Unaudited)	(Audited)
Inventory properties expected to be completed and sold within the next 12 months	709,024,363	723,915,374
Inventory properties under development not expected to be completed and sold within the next 12 months	723,565,654	969,530,137
	<u>1,432,590,017</u>	<u>1,693,445,511</u>

7. INVESTMENT IN AN ASSOCIATE

The Group has a share in First Avenue Real Estate Development Company which is involved in real estate development activities in Saudi Arabia. The Group's share in First Avenue Development Company was accounted for using the equity method in the consolidated financial statements.

7-1 Effective 1 September 2021, the Group obtained 15% equity of First Avenue Real Estate Development Company for a total consideration SAR 60.75 million. On 22 November 2022, the Group entered into an agreement with the Investee to buy an additional 484,795 shares at a price of SAR 65 per share and total value of SAR 31.5 million in exchange for 2,442,578 units in Al Shorfa Investment Fund at a price of SAR 12.9 per unit shares and a total value of SAR 31.5 million resulting in the Group's total shareholdings of 17.57% as at year end.

7-2 On 7 June 2023, the Associate's Board members in the extraordinary meeting approved to issue 1 share for each 2 shares as a transfer at SAR 74,948,967 from share premium to share capital. Out of this, the amount of SAR 18,135,427 was given against the employee share incentive program. Therefore, the Group's total shareholdings decreased from 17.57 % to 15.79% as result of forfeiture of the respective shares towards employees of the associate resulting in a decrease in the ownership percentage in investment and recorded losses of SAR 3,167,828

7-3 On 27 August 2024, the Group sold a portion of its shares in First Avenue Real Estate Development Company, at a number of 10,911,411 shares, to Makkah Construction and Development Company. Consequently, the Group's ownership percentage of the shares decreased from 15.79% to 10% as a result of the sale of the shares. The sale of the shares resulted in a profit of SAR 12,299,199.

7-4 On 14 August 2024, First Avenue Real Estate Development Company announced in its prospectus the offering of 16.42 million new shares in the Parallel Market "Nomu". The offered shares represented 8.01% of the investee company's share capital after the offering, bringing the total share capital to SAR 205,000,000 million. On 5 September 2024, the Saudi Capital Market Authority announced the issuance of its board resolution approving the offering and listing of the investee company's shares on the Nomu - Parallel Market. The offering period for the investee company's shares commenced on 10 September 2024, and lasted for five business days, and concluded on 16 September 2024. The investee company's shares were subsequently listed on 16 October 2024. As a result, the Group's ownership percentage in the shares decreased from 10% to 9.2% following the offering. Consequently, the Group lost its significant influence over the investee company, leading to the reclassification of the investment to investment in equity instruments at fair value through other comprehensive income (Note 8). The Group ownership in the investee company before the offering and share reduction was 10%.

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8. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group holds a 9.2% share in First Avenue Real Estate Development Company, which is engaged in real estate development activities in the Kingdom of Saudi Arabia. As outlined in (note 7), the Group accounted for its share in First Avenue Real Estate Development using the equity method in the consolidated financial statements. However, following the listing of the investee company in the Nomu Parallel Market and the decrease in the Group's ownership percentage, the Group lost its significant influence over the investee company. Consequently, the Group reclassified the investment to investment in equity instruments at fair value through other comprehensive income, which the Group has chosen to treat as irrevocable and to recognize changes in fair value through other comprehensive income, considering it a strategic investment.

The details of equity instruments at fair value through other comprehensive income are as follows:

<u>Company</u>	<u>Country of incorporation</u>	<u>% of shareholding</u>	
		<u>31 March 2025</u> <i>(Unaudited)</i>	<u>31 December 2024</u> <i>(Audited)</i>
First Avenue Real Estate Development Company	Saudi Arabia	9,2 %	9,2 %

The movement in investments in equity instruments at fair value through other comprehensive is as follows:

	<u>31 March 2025</u> <i>(Unaudited)</i>	<u>31 December 2024</u> <i>(Audited)</i>
	<u>ﷲ</u>	<u>ﷲ</u>
At the beginning of the period/year	164,504,498	-
Transferred from investment in associate (note 7)	-	80,041,064
Unrealized profit of fair value changes	15,604,426	84,463,434
At the end of the period/ year	<u>180,108,924</u>	<u>164,504,498</u>

The movement in fair value reserve is as follows:

	<u>31 March 2025</u> <i>(Unaudited)</i>	<u>31 December 2024</u> <i>(Audited)</i>
	<u>ﷲ</u>	<u>ﷲ</u>
At the beginning of the period/year	84,463,434	-
Unrealized profit of fair value changes	15,604,426	84,463,434
At the end of the period/ year	<u>100,067,860</u>	<u>84,463,434</u>

9- Contract Assets

	<u>31 March 2025</u> <i>(Unaudited)</i>	<u>31 December 2024</u> <i>(Audited)</i>
	<u>ﷲ</u>	<u>ﷲ</u>
Contract assets - Real estate development	49,608,994	66,674,567
Contract assets - off-plan sales (notes 9-1, 9-2)	26,433,656	21,932,736
	<u>76,042,650</u>	<u>88,607,303</u>



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9. Contract Assets (continued)

9-1 The contract assets of off-plan sale contracts represent the total amounts expected to be collected from off-plan sale customers with whom contracts have been signed to sell properties units off-plan, for the executed contract works. These are measured based on the incurred costs plus recognized profits, minus any progress billings collected and recognized losses.

9-2 Contract Assets - off-plan sales

	31 March 2025 (Unaudited) ﷲ	31 December 2024(Audited) ﷲ
Value of Project Contracts	289,172,000	101,860,000
Less: Value of un-executed works	(143,091,442)	(58,227,163)
Value of executed works	146,080,558	43,632,837
Less: Progress billings and advances	(119,646,902)	(21,700,101)
	26,433,656	21,932,736

Following is the movement in the contract assets of off-plan sales during the period / year:

	31 March 2025 (Unaudited) ﷲ	31 December 2024(Audited) ﷲ
At the beginning of the period / year	21,932,736	-
Value of executed works during the period / year	102,447,721	43,632,837
Less: Progress billings and advances	(97,946,801)	(21,700,101)
At the end of the period/ year	26,433,656	21,932,736

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10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties represent the shareholders, key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

10.1 Amounts due from related parties

<i>Name of related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>		<i>Balance</i>	
			<i>31 March 2025</i>	<i>31 March 2024</i>	<i>31 March 2025</i>	<i>31 December 2024</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
			<i>¥</i>	<i>¥</i>	<i>¥</i>	<i>¥</i>
Shareholders (note 10.1.1)	IPO recoverable debts	IPO expenses	3,386,289	1,815,797	20,017,545	16,631,256
First Avenue Real Estate Development Company	Affiliate	Collections received	-	(3,857,100)		
		Revenue from services rendered	1,428,770	2,073,668	5,075,519	3,646,749
					<u>25,093,064</u>	<u>20,278,005</u>

10.1.1 This amount represents the IPO cost which is agreed to be reimbursed by the shareholders upon successful completion of listing process in the Capital Market.

10.1.2 The above balances are unsecured, interest free and have no fixed Date repayment. The management estimates the allowance on due from related party balance at the reporting date at an amount equal to lifetime ECL. No receivable balance from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.



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10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

10.2 Amount due to related parties

<i>Name of related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>		<i>Balance</i>	
			<i>31 March 2025</i>	<i>31 March 2024</i>	<i>31 March 2025</i>	<i>31 December 2024</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
			ﷲ	ﷲ	ﷲ	ﷲ
Related party to a subsidiary	Partner in a subsidiary	Repayment	3,379,381	35,597,196	83,926,991	80,547,810
Related party to a subsidiary	Partner in a subsidiary	Repayment	-	-	37,849,262	37,849,262
Emmar Opportunities Real Estate	SPV of subsidiary	Finance charges	(762,565)	(3,616,239)	8,670,861	9,433,426
Jadwa Investment Company	Fund manager of subsidiary investment funds	Management fees	(2,019,734)	(75,000)		
		performance fees	-	(1,383,052)		
Albilad Investment Company	Custodian of subsidiary	Repayment	-	27,466,053	1,501,802	3,521,536
Related party to a subsidiary	Partner in a subsidiary	Finance charges	(12,814)	(126,042)	57,244	70,058
		Project financing of subsidiary	-	-	23,330,859	23,330,859
Related party to a subsidiary	Partner in a subsidiary	Project financing of subsidiary	-	-	23,330,859	23,330,859
					178,667,878	178,083,810

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11. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	31 March 2025 (Unaudited) ﷲ	31 December 2024 (Audited) ﷲ
Cash and cash equivalents - unrestricted		
Cash at banks	41,741,717	81,770,399
Short term deposits	-	40,000,000
Cash in hands	109,476	7,713
	41,851,193	121,778,112
Restricted cash		
Cash in bank (note 11.1)	160,741,695	31,473,210
Total cash and cash equivalents and restricted cash	202,592,888	153,251,322

11.1 Cash at banks includes restricted account balances amounting to ﷲ 160,7 million as of 31 March 2025 (31 December 2024: ﷲ 31.4 million), related to amounts received from customers for the sale of off-plan residential units. The Company is required to obtain approval from "Wafi", Ministry of Municipal Rural Affairs and Housing's off-plan sales and leasing Committee, before withdrawing any amounts to finance the ongoing projects.

12. SHARE CAPITAL

The Group's authorised, issued and fully paid share capital at 31 March 2025 and 31 December 2024 amounted to ﷲ 300 million, consisting of 300 million shares of ﷲ 1 each.

Name of the shareholder	No. of shares		% of		TOTAL	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025 ﷲ	31 December 2024 ﷲ
Dar Almajid Holding Company	173,250,000	173,250,000	57,75%	57,75%	173,250,000	173,250,000
AWJ Real Estate Development Company	22,500,000	22,500,000	7,5%	7,5%	22,500,000	22,500,000
Modern Rufaid Investment Company	22,500,000	22,500,000	7,5%	7,5%	22,500,000	22,500,000
Almajid Aloula Real Estate Company	14,850,000	14,850,000	4,95%	4,95%	14,850,000	14,850,000
Khalid Abdulrahman Naser Almajid	11,880,000	11,880,000	3,96%	3,96%	11,880,000	11,880,000
Mohammed Abdulrahman Naser Almajid	11,880,000	11,880,000	3,96%	3,96%	11,880,000	11,880,000
Hussam Abdulrahman Nasser Al Majed	8,910,000	8,910,000	2,97%	2,97%	8,910,000	8,910,000
Abdussalam Abdul Rahman Nasser Al Majed	8,910,000	8,910,000	2,97%	2,97%	8,910,000	8,910,000
Majid Abdulrahman Naser Almajid	8,910,000	8,910,000	2,97%	2,97%	8,910,000	8,910,000
Naser Abdulrahman Naser Almajid	8,910,000	8,910,000	2,97%	2,97%	8,910,000	8,910,000
Abdullah Abdulrahman Naser Almajid	4,500,000	4,500,000	1,5%	1,5%	4,500,000	4,500,000
Nader Hassan Atallah Alomari	3,000,000	3,000,000	1%	1%	3,000,000	3,000,000
	300,000,000	300,000,000	100%	100%	300,000,000	300,000,000

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13. LOANS AND BORROWINGS

			31 March 2025 SAR (Unaudited)	31 December 2024 SAR (Audited)
	<i>Effective Interest rate (EIR)</i>	<i>Maturity</i>		
Al Rajhi Bank - Murabaha	SAIBOR + 1.35%	2025-2027	324,388,265	256,388,264
Arab National Bank - Tawaruq	SAIBOR+2.4%	2027	397,357,896	397,357,896
Banque Saudi Fransi- Tawaruq	SIBOR+1.5%	2026	209,737,252	209,737,252
Masar Al Nomou Finance Company	5.5%	2026	173,150,000	173,150,000
Riyad Bank - Murabaha	SAIBOR+1.5%	2025-2029	112,383,000	112,383,000
			1,217,016,413	1,149,016,412
Current			420,734,815	165,000,000
Non-current			796,281,598	984,016,412

Set out below is the movement of interest-bearing loans and borrowings:

	31 March 2025 SAR (Unaudited)	31 December 2024 SAR (Audited)
At the beginning of the period/ year	1,149,016,412	630,176,652
Add: proceeds	499,027,640	2,884,254,291
Less: repayment	(431,027,639)	(2,365,414,531)
At the end of the period/ year	1,217,016,413	1,149,016,412

During 2022, the Group signed an agreement to obtain a loan from Al Rajhi bank amounting to SAR 720 million. The loan is for the purpose to finance of the acquisition of real estate lands and related development and construction. During 2022, SAR 145 million was withdrawn. During 2024, the Group extended the validity of the facilities and withdrew SAR 116 million. During the three-month ended 31 March 2025, the Group extended the validity of the facilities and withdrew SAR 63 million. The terms of the loan span over a tenure of 3 years and to be repaid in one installment after 3 years. The loan carries a profit margin of SIBOR+1.35%. The loan is secured against the real estate guarantees of no less than 120% from the total finance.

During 2022, the Group signed an agreement to obtain a loan from Arab National Bank. The loan is for the purpose to finance Group's investment in assets and other development projects. The term of the loan span over a period of 5 years and to be repaid in 2027. The loan carries a margin of SAIBOR +2.4%. The loan is secured against promissory notes by SAR 200 million.

During 2023, the Group signed an agreement to obtain a loan from Banque Saudi Fransi. The loan is for the purpose to purchase a land in Riyadh city. The loan is repaid on one payment after 3 years. The loan carries a margin of SAIBOR +1.5%. The loan is secured against the real estate guarantees of no less than 110% from the total finance.

During April 2024, the Group signed an agreement to obtain a loan from Masar Al Nomou Finance Company. The loan aims to finance the development of three real estate projects. The loan term extends over 24 months from the date of execution, and it is to be repaid in the year 2026. The loan carries a profit margin of 5.5%. The loan is secured against the real estate guarantees of no less than 130% from the total finance.

During 2023, the Group signed an agreement to obtain a loan from Riyadh Bank amounting to SAR 500 million. The loan is for the purpose to finance of the acquisition of real estate lands and related development and construction. In 2024, an amount of SAR 112 million was drawn, with SAR 25 million scheduled for repayment in 2025. The remaining balance is to be repaid in a single installment five years after the date the company became eligible for the loan. The loan carries a margin of SAIBOR +1.5%. The loan is secured against the real estate guarantees of no less than 133% from the total finance.

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14. ZAKAT PAYABLE

Movement in the zakat provision:

	31 March 2025	31 December 2024
	ﷲ	ﷲ
	(Unaudited)	(Audited)
At the beginning of the period/ year	15,890,929	20,117,522
Charge during the period / year	2,309,217	9,754,449
Paid during the period / year	-	(13,981,042)
At the end of the period/ year	18,200,146	15,890,929

Status of zakat

During 2022, the Company has obtained approval from ZATCA to submit consolidated zakat return which included the results of the Parent Company and its wholly owned subsidiaries as mentioned in note 1. The Group has submitted consolidated Zakat returns to ZATCA for the year ended 2022 and the Zakat return for the year ended 2023, the Zakat assessment has not been issued by ZATCA yet. Subsequent to the period ended 31 March 2025, the Group submitted its consolidated zakat return for the year 2024 to the ZATCA.

Below is the status of assessments of the Company's and its wholly owned subsidiaries for which separate returns have been filed by the respective companies up to the year 2021:

Dar Almajid Real Estate Company (Parent Company)

The Company has submitted zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") for all years up to the year ended 2021. The last final assessment received was in 2018 and has been settled.

Hossam and Majed sons of Abdul Rahman Al Majed Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021. However, no zakat assessment has been raised yet.

Mohammed and Khalid sons of Abdul Rahman Al Majid Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021. However, no zakat assessment has been raised yet.

Fikra Estesmar for Real Estate Development Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021. However, no zakat assessment has been raised yet.

Al Raayea Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021. However, no zakat assessment has been raised yet.

Taj Al Hudo for Real Estate Development Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021. However, no zakat assessment has been raised yet.

Nibras Al Amaken for Real Estate Development Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021. However, no zakat assessment has been raised yet.



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14. ZAKAT PAYABLE (continued)

Below is the status of the Zakat assessments for the subsidiaries not wholly owned by the Group and which file their returns separately:

Jadet AlShatea Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2023. However, no zakat assessment has been raised yet. Subsequent to the period ended 31 March 2025, the subsidiary submitted its standalone zakat return for the year 2024 to the ZATCA.

Jadet Al Rabea Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2023. However, no assessment has been raised yet. Subsequent to the period ended 31 March 2025, the subsidiary submitted its standalone zakat return for the year 2024 to the ZATCA.

Burj Al Raayea Real Estate Company

Burj Al Raayea Real Estate Company was incorporated during the year 2024 and has not filed any zakat return so far.

Al Majdiah Investment Fund, Al Dar Investment Fund and Al Narjis Investment Fund

Under the current system of taxation in the Kingdom of Saudi Arabia the Funds are not liable to pay any Zakat or income tax as they are considered to be the obligation of the Unitholders and as such, these are not provided in the separate financial statements of the funds. Therefore, the zakat has been considered in the separate financial statements of the parent company.

15. OPERATING INCOME AND COST

15.1 OPERATING INCOME

	<i>For the three-month period ended 31 March 2025 ﷲ (Unaudited)</i>	<i>For the three-month period ended 31 March 2024 ﷲ (Unaudited)</i>
Revenue from sale of property units	75,244,049	376,299,797
Revenue from sale of off-plan property units (note 9-2)	102,447,721	-
	<u>177,691,770</u>	<u>376,299,797</u>
Revenue from sale of lands	72,305,870	-
Real estate commission income (note 15-1-1)	4,824,143	14,197,114
Real estate development income (note 15-1-2)	6,646,653	7,928,103
Rental income	2,819,338	3,240,727
Maintenance income (15-1-3)	4,137,000	4,137,000
	<u>268,424,774</u>	<u>405,802,741</u>

15-1-1 This represents the amounts charged to customers in respect of marketing services provided. The commission is charged at 2.5% of the each of the property sold for which marketing was done by the Group.

15-1-2 Real estate development income represents the construction and development services provided to customers.

15-1-3 Maintenance income represents the straight-line revenue recorded against the amounts received from customers on conditional exchange of contracts relating to future maintenance obligation for five years as part of inventory properties sale contract.

**DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

15. OPERATING INCOME AND COST

15.1 OPERATING INCOME (continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated primarily by geographical market and timing of revenue recognition.

	<i>For the three-month period ended 31 March 2025 ﷲ (Unaudited)</i>	<i>For the three-month period ended 31 March 2024 ﷲ (Unaudited)</i>
Timing of revenue recognition		
Services provided at a point in time	152,374,063	390,496,911
Service provided over time	116,050,711	15,305,830
All of these revenues were generated from projects in Saudi Arabia	<u>268,424,774</u>	<u>405,802,741</u>

15.2 OPERATING COST

	<i>For the three-month period ended 31 March 2025 ﷲ (Unaudited)</i>	<i>For the three-month period ended 31 March 2024 ﷲ (Unaudited)</i>
Cost of sale of property units	58,027,898	324,678,746
Cost of sale of off-plan property units	78,612,966	-
Cost of sale of inventory properties	136,640,864	324,678,746
Cost of sale of land	38,186,182	-
Operating cost – development and commission	4,931,506	565,027
Cost of rent	351,477	282,713
Maintenance cost	4,392,098	2,462,950
Depreciation expense of right-of-use asset	-	95,861
	<u>184,502,127</u>	<u>328,085,297</u>

16. SEGMENT INFORMATION

As Group deals only real estate segment and operates only in single geography i.e. Kingdom of Saudi Arabia, management of the Group based on the information reviewed by its board of directors represented by the chief operating decision maker, has determined there are no additional operating and geographical segments warranting disclosures.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES (A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

17. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net profit for the period attributable to the shareholders of the parent Company by the weighted average number of ordinary shares outstanding during the period. Earnings per share are calculated as follows:

	<i>For the three-month period ended 31 March 2025 (Unaudited)</i>	<i>For the three-month period ended 31 March 2024 (Unaudited)</i>
Net profit attributable to the parent Company's shareholders	101,907,692	48,439,789
Weighted average number of shares outstanding during the year	300,000,000	300,000,000
Earnings per share attributable to parent Company's shareholders	0.34	0.16

18. DIVIDENDS DISTRIBUTION

Dividends were distributed to non-controlling interests for a total amount of ~~ﷲ~~ 7,294,469 during the period ended 31 March 2025 (31 March 2024: ~~ﷲ~~ 12,041,623).

19. CONTINGENCIES AND COMMITMENTS

19.1. Contingencies

The Group has provided letters of guarantee, i.e. financial guarantees, bid bonds and performance guarantees through its local banks for its own business activities and on behalf of certain subsidiaries, limited to ~~ﷲ~~ 76,1 million as at 31 March 2025 (31 December 2024: ~~ﷲ~~ 256 million).

19.2 Capital commitments

At 31 March 2025, the Group has future capital commitments amounting to ~~ﷲ~~ 1,100 million (31 December 2024: ~~ﷲ~~ 1,100 million) in respect of inventory property under development.

20. SUBSEQUENT EVENT

Other than described in Note 14 to the interim condensed consolidated financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the interim condensed consolidated financial statements as of 31 March 2025.

21. COMPARITIVE FIGURES

Certain of the prior year amounts has been reclassified to conform the presentation in the current year.

22. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Audit Committee in accordance with the authorization of the Board of Directors on 9 Thul-Qi'dah 1446H (corresponding to 7 May 2025).



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
31 December 2024G



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

Independent Auditor's Report
To the Shareholders of Dar Almajid Real Estate Company
(A Saudi Closed Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Dar Al Majid Real Estate Company, (A Saudi Closed Joint Stock Company), (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

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

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

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



Independent auditor's report
To the Shareholders of Dar Almajid Real Estate Company
(A Saudi Closed Joint Stock Company) (continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 and assess the risks of material misstatements 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

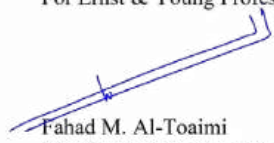


**Independent auditor's report
To the Shareholders of Dar Almajid Real Estate Company
(A Saudi Closed Joint Stock Company) (continued)**

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

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.

For Ernst & Young Professional Services


Fahad M. Al-Toaimi
Certified Public accountant
License No. (354)



Riyadh: 1 Shawwal1446H
(30 March 2025)

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024G

	Note	2024G ﷲ	2023G ﷲ
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	24,227,015	24,791,171
Right-of-use assets	6	-	458,626
Investment properties	7	161,652,792	164,938,655
Inventory properties under development	8	969,530,137	905,003,482
Investment in an associate	9	-	120,847,554
Investments in equity instruments at fair value through other comprehensive income	10	164,504,498	-
Financial assets at fair value through profit or loss	11	204,859,391	74,115,169
TOTAL NON-CURRENT ASSETS		1,524,773,833	1,290,154,657
CURRENT ASSETS			
Inventory properties	8	723,915,374	589,582,975
Trade receivables	12-1	73,762,743	65,245,303
Contract assets	12-2	88,607,303	59,805,570
Prepayments and other current assets	13	115,409,401	130,370,909
Amounts due from related parties	14-1	20,278,005	21,831,231
Cash & cash equivalents and restricted cash	15	153,251,322	168,314,921
TOTAL CURRENT ASSETS		1,175,224,148	1,035,150,909
TOTAL ASSETS		2,699,997,981	2,325,305,566
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	300,000,000	300,000,000
Statutory reserve	17	44,598,701	44,598,701
Fair value reserve on investments at fair value through other comprehensive income	10	84,463,434	-
Retained earnings		447,231,690	321,356,811
Equity attributable to shareholders of the Parent Company		876,293,825	665,955,512
Non-controlling interests	31-2	36,391,862	65,617,808
TOTAL EQUITY		912,685,687	731,573,320
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	18	984,016,412	388,925,000
Employees' defined benefit liabilities	19	6,355,884	4,984,678
Contract liabilities	21	41,769,009	50,155,000
TOTAL NON-CURRENT LIABILITIES		1,032,141,305	444,064,678

Chief Executive Financial Officer

Mohammed Salah

Chief Executive Officer

Sulaiman Al-Ayed

Managing Director

Abdelsalam Almajid

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2024G

	Note	2024G	2023G
		₭	₭
CURRENT LIABILITIES			
Loans and borrowings	18	165,000,000	241,251,652
Lease liability	6	-	792,638
Trade and other payables	20	266,288,265	364,178,523
Contract liabilities	21	129,907,985	302,223,998
Amounts due to related parties	14-2	178,083,810	221,103,235
Zakat payable	22	15,890,929	20,117,522
TOTAL CURRENT LIABILITIES		755,170,989	1,149,667,568
TOTAL LIABILITIES		1,787,312,294	1,593,732,246
TOTAL EQUITY AND LIABILITIES		2,699,997,981	2,325,305,566

Chief Executive Financial Officer

Mohammed Salah

Chief Executive Officer

Sulaiman Al-Ayed

Managing Director

Abdelsalam Almajid

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
For the year ended 31 December 2024G

	Note	2024G	2023G
		ﷲ	ﷲ
Revenue from sale of property units	23-1	893,789,307	853,853,381
Revenues from sale of lands	23-1	392,733,152	8,140,800
Cost of sales of property units	8, 23-2	(694,994,116)	(684,304,648)
Cost of sales of lands	8, 23-2	(307,758,624)	(7,180,108)
PROFIT FROM SALE OF PROPERTY AND LANDS		283,769,719	170,509,425
Real estate commission income	23-1	53,337,945	39,099,189
Real estate development income	23-1	34,675,317	55,506,639
Operating cost – development and commission	23-2	(25,849,420)	(48,106,847)
PROFIT FROM REAL ESTATE DEVELOPMENT AND COMMISSION		62,163,842	46,498,981
Revenue from sale of investment properties	23-1	-	11,290,864
Cost of sales – investment properties	23-2	-	(11,644,157)
(Losses) gains from valuation of investment properties	7	(144,510)	52,280,410
(LOSSES) GAINS ON INVESTMENT PROPERTIES		(144,510)	51,927,117
Rental income	23-1	11,222,959	5,307,605
Depreciation of right-of-use assets	6, 23-2	(458,626)	(457,373)
Cost of rent	23-2	(1,748,978)	(570,710)
RENTAL PROFIT		9,015,355	4,279,522
Maintenance income	23-1	16,548,000	14,625,333
Maintenance cost	23-2	(14,393,076)	(10,132,286)
MAINTENANCE PROFIT		2,154,924	4,493,047
GROSS PROFIT		356,959,330	277,708,092
General and administrative expenses	24	(82,820,478)	(92,513,645)
Selling and marketing expenses		(6,947,344)	(12,451,392)
OPERATING PROFIT		267,191,508	172,743,055
Finance costs	25	(3,596,813)	(13,108,440)
Share in results of an associate	9	3,627,310	6,723,115
Profit from sale of a portion of share in associate	9	12,299,199	-
Other income	26	26,546,562	4,505,693
PROFIT FOR THE YEAR BEFORE ZAKAT		306,067,766	170,863,423
Zakat	22	(9,754,449)	(3,895,562)
PROFIT FOR THE YEAR		296,313,317	166,967,861
PROFIT ATTRIBUTABLE TO:			
Shareholders of the Parent Company		213,554,440	147,380,874
Non-controlling interests	31-3	82,758,877	19,586,987
		296,313,317	166,967,861
Earnings per share of net profit for the year attributable to the shareholders of the Parent Company (ﷲ)			
Basic and diluted earnings per share from the profit for the year attributable to the Company's shareholders	32	0.71	0.49
PROFIT FOR THE YEAR		296,313,317	166,967,861

Chief Executive Financial Officer

Mohammed Salah

Chief Executive Officer

Sulaiman Al-Ayed

Managing Director

Abdelsalam Almajid

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT AND LOSS (continued)
For the year ended 31 December 2024G

	Note	2024G	2023G
		₹	₹
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or (loss) in subsequent periods			
(Losses) gains remeasurement on employees' defined benefits liability	19-2	(168,829)	298,099
Share in other comprehensive income of an associate	9	6,703,533	2,309,716
Unrealized profit from change in fair value on investment in equity instruments	10	84,463,434	-
Other comprehensive income for the year		90,998,138	2,607,815
Total comprehensive income for the year		387,311,455	169,575,676
Total comprehensive income attributable to:			
Shareholders of the Parent Company		304,552,578	149,988,689
Non-controlling interests	31-3	82,758,877	19,586,987
		387,311,455	169,575,676

Chief Executive Financial Officer

Mohammed Salah

Chief Executive Officer

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Managing Director

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DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024G

	Share capital ﷲ	Statutory reserve ﷲ	Fair value reserve on investments at fair value through other comprehen- sive income ﷲ	Retained earnings ﷲ	Total equity at- tributable to the Parent Company's shareholders ﷲ	Non-controlling interests ﷲ	Total equity ﷲ
Balance as at 1 January 2024G	300,000,000	44,598,701	-	321,356,811	665,955,512	65,617,808	731,573,320
Profit for the year	-	-	-	213,554,440	213,554,440	82,758,877	296,313,317
Other comprehensive income	-	-	84,463,434	6,534,704	90,998,138	-	90,998,138
Total comprehensive income	-	-	84,463,434	220,089,144	304,552,578	82,758,877	387,311,455
Dividends (Note 29, 31.2)	-	-	-	(94,214,265)	(94,214,265)	(111,984,823)	(206,199,088)
Balance as at 31 December 2024G	300,000,000	44,598,701	84,463,434	447,231,690	876,293,825	36,391,862	912,685,687
Balance as at 1 January 2023G	300,000,000	44,598,701	-	171,368,122	515,966,823	137,848,195	653,815,018
Profit for the year	-	-	-	147,380,874	147,380,874	19,586,987	166,967,861
Other comprehensive income	-	-	-	2,607,815	2,607,815	-	2,607,815
Total comprehensive income	-	-	-	149,988,689	149,988,689	19,586,987	169,575,676
Dividends (Note 29, 31.2)	-	-	-	-	-	(91,817,374)	(91,817,374)
Balance as at 31 December 2023G	300,000,000	44,598,701	-	321,356,811	665,955,512	65,617,808	731,573,320

Chief Executive Financial Officer
Mohammed Salah

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Managing Director
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DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended **31 December 2024G**

	Note	2024G	2023G
		RM	RM
OPERATING ACTIVITIES			
Profit for the year before zakat		306,067,766	170,863,423
Adjustments to reconcile profit for the year before zakat to net cash flows:			
Depreciation on property and equipment	5	1,030,354	955,656
Depreciation on right-of-use assets	6	458,626	457,373
(Gains) losses on sale of property and equipment		(641)	26,815
Valuation loss (gains) from investment properties	7	144,510	(52,280,410)
Losses on sale of investment property		-	353,293
(Gain) loss from valuation of financial assets at FVTPL	11	(10,191,337)	2,459,955
Share in results of an associate	9	(3,627,310)	(6,723,115)
Profit from sale of a portion of share in associate	9	(12,299,199)	-
Provision (Reversal of) expected credit losses	12-1	3,121,205	(1,573,285)
Reversal of expected credit losses for due from related parties		(3,933,558)	-
Dividends	26	(9,200,000)	-
Finance cost		33,726,385	33,088,325
Provision for employees' defined benefit liabilities	19	1,689,271	1,658,568
		306,986,072	149,286,598
Working capital adjustments:			
Inventory property under development – non-current		(76,771,988)	387,498,426
Inventory properties		(134,332,399)	(313,794,990)
Contract assets		(28,801,733)	(41,549,085)
Trade receivables		(11,638,645)	(30,206,618)
Prepayments and other current assets		14,961,508	(21,534,339)
Amounts due from related parties		5,486,784	63,759,449
Trade and other payables		(62,214,089)	98,766,815
Contract liabilities		(180,702,004)	197,854,898
		(167,026,494)	490,081,154
Finance cost paid		(73,725,863)	(46,798,482)
Employee defined benefit liabilities paid	19	(486,894)	(620,753)
Zakat paid	22	(13,981,042)	(23,854,271)
Net cash flows (used in) from operating activities		(255,220,293)	418,807,648

Chief Executive Financial Officer
Mohammed Salah

Chief Executive Officer
Sulaiman Al-Ayed

Managing Director
Abdelsalam Almajid

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2024G

	Note	2024G ﷲ	2023G ﷲ
INVESTING ACTIVITIES			
Addition to property and equipment	5	(469,448)	(1,391,826)
Proceeds from sale of property and equipment		3,891	8,000
Addition to investment properties	7	(14,858,647)	(7,860,842)
Proceeds from sale of investment property		-	11,290,864
Purchase of financial assets at FVTPL	11	(946,822,612)	(47,251,680)
Proceeds from sales of financial assets at FVTPL	11	826,269,727	5,291,187
Proceeds from sale of a portion of share in associate	9	60,230,330	-
Dividend received from an associate	9	3,206,202	1,785,186
Dividends received	26	9,200,000	-
Net cash flows used in investing activities		(63,240,557)	(38,129,111)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	18	2,884,254,291	1,196,059,922
Repayments of loans and borrowings	18	(2,365,414,531)	(1,516,463,148)
Amounts due to related parties		(8,443,421)	(36,568,596)
Payment of a lease liability	6	(800,000)	(800,000)
Dividends paid	29	(206,199,088)	(91,817,374)
Net cash flows from (used in) financing activities		303,397,251	(449,589,196)
Net decrease in unrestricted cash and cash equivalents		(15,063,599)	(68,910,659)
Unrestricted cash and cash equivalent at 1 January		168,314,921	237,225,580
Restricted cash		(31,473,210)	-
Unrestricted cash and cash equivalent at 31 December	15	121,778,112	168,314,921
SIGNIFICANT NON-CASH TRANSACTIONS:			
Finance and transaction cost capitalized	25	(30,245,333)	(19,941,978)
Investment properties transferred (to) from inventory properties	7, 8	(18,000,000)	108,129,674
Investment in FVOCI transferred to investment in an associate	9, 10	80,041,064	-

Chief Executive Financial Officer
Mohammed Salah

Chief Executive Officer
Sulaiman Al-Ayed

Managing Director
Abdelsalam Almajid

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended **31 December 2024G**

1. GROUP INFORMATION

Dar Al Majid Real Estate Company a Saudi Closed Joint Stock Company (referred to in the consolidated financial statements as the "Company" or the "Parent Company") under the companies' law in the Kingdom of Saudi Arabia under commercial register No. **1010417874** issued on **20 Shaaban 1435H** (corresponding to **18 June 2014**).

The Company commenced its real estate development and investment activities as a Limited Liability Company under the name of "Nasser and Abdul Salam Sons of Abdul Rahman Al Majid Real Estate Company" with a share capital of **ﷲ 100,000**. On **7 Rabi' al-Thani 1442H** (corresponding to **22 November 2020G**), the Company increased its share capital to **ﷲ 300,000,000** and was converted into a Closed Joint Stock Company. On **27 Thul-Qi'dah 1445H** (corresponding to **4 June 2024G**), the Company's Board of Directors resolved to offer the Company for initial public offering (IPO), and the Company is still in the process of the IPO.

During the year **2024G**, the General Assembly of the Partners resolved to change the number of shares from **30** million shares to **300** million shares and to change the nominal value of the share from **ﷲ 10** to **ﷲ 1**.

The Group and its subsidiaries are engaged in the general construction of residential buildings, construction of prefabricated buildings on sites, renovations of residential and non-residential buildings, purchase and sale of land and real estate, division and off-plan sales activities, management and rent of owned or leased real estate (residential and non-residential), management and operation of hotel apartments and real estate management activities for a commission.

A. Consolidated Subsidiaries

These consolidated financial statements include the financial statements of the Company and the following subsidiaries (collectively referred to as the "Group"):

Name	Country of incorporation	% of shareholding	
		2024G	2023G
Mohammed and Khalid Sons of Abdul Rahman Al Majid Real Estate Company ⁽¹⁾	Saudi Arabia	100 %	100 %
Hossam and Majed Sons of Abdul Rahman Al Majed Real Estate Company ⁽²⁾	Saudi Arabia	100 %	100 %
Fikra Estesmar for Real Estate Development Company ⁽³⁾	Saudi Arabia	100 %	100 %
Nibras Al Amaken for Real Estate Development Company ⁽⁴⁾	Saudi Arabia	100 %	100 %
Taj Al Hudo for Real Estate Development Company ⁽⁵⁾	Saudi Arabia	100 %	100 %
Al Raayea Real Estate Company ⁽⁶⁾	Saudi Arabia	100 %	100 %
Jadet Al Shatea Real Estate Company ⁽⁷⁾	Saudi Arabia	70 %	70 %
Jadet Al Rabea Real Estate Company ⁽⁸⁾	Saudi Arabia	25 %	25 %
Al Majdiah Investment Fund ⁽⁹⁾	Saudi Arabia	100 %	100 %
Al Dar Investment Fund ⁽¹⁰⁾	Saudi Arabia	70 %	70 %
Al Narjis Investment Fund ⁽¹¹⁾	Saudi Arabia	64 %	64 %
Burj Al Raayea Real Estate Company ⁽¹²⁾	Saudi Arabia	50 %	-

⁽¹⁾ During the year **2020G**, the Company acquired Mohammed and Khalid Sons of Abdul Rahman Al Majid Real Estate Company, a limited liability company under the companies' law in the kingdom of Saudi Arabia under commercial registration No. **1010159804** issued on **25 Rabi' al-Awwal 1421H** (corresponding to **27 June 2000**).

⁽²⁾ The Company is engaged in the general construction of residential buildings, renovations of residential and non-residential buildings, ground transportation of goods, purchase and sale of lands and real estate, its division, off-plan sales activities, management, and rental of owned or leased residential real estate, rental of owned or leased non-residential real estate.

⁽³⁾ During the year **2020G**, the Company acquired Husam and Majid Sons of Abdul Rahman Al Majid Real Estate Company, a limited liability company under the companies' law in the kingdom of Saudi Arabia under commercial registration No. **1010425491** issued on **1 Thul-Hijjah 1435h** (corresponding to **25 September 2014**).

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(A SAUDI CLOSED JOINT STOCK COMPANY)
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1. GROUP INFORMATION (continued)

A. Consolidated Subsidiaries (continued)

The Company is engaged in the general construction of residential buildings, renovations of residential and non-residential buildings, purchase and sale of lands and real estate, division and off-plan sales activities, management and rental of owned or leased real estate (Residential), Management and rental of owned or leased real estate (non-residential), activities of real estate brokers (auctioneers offices), real estate management activities for a commission, non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

- During the **2020G**, the Company acquired Fikra Estesmar Company for Real Estate Development and Investment, a limited liability company under the companies' law in the kingdom of Saudi Arabia under commercial registration No. **1010569523** issued on **27 Rajab 1440H** (corresponding to **3 April 2019G**).

The Company is engaged in the construction of prefabricated buildings on sites, real estate development of residential buildings with modern construction methods, real estate development of commercial buildings with modern construction methods, purchase and sale of lands and real estate, division and off-plan sales activities, management and leasing of owned or leased real estate (Residential), Management and leasing of owned or leased real estate (non-residential), management and operation of hotel apartments, non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

- During the year **2020G**, the Company acquired Nibras Al Amaken for Real Estate Development Company, a limited liability company under the companies' law in the Kingdom of Saudi Arabia under commercial registration No. **1010587134** issued on **10 Thul-Qi'dah 1440H** (corresponding to **13 July 2019G**).

The Company is engaged in the real estate development of residential buildings with modern construction methods, real estate development of commercial buildings with modern construction methods, purchase and sale of land and real estate, division and off-plan sales activities, management and leasing of owned or leased real estate (Residential), Management and leasing of owned or leased real estate (non-residential), non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

- During the year **2020G**, the Company acquired Taj Al Hudo for Real Estate Development Company, a limited liability company under the companies' law in the kingdom of Saudi Arabia under commercial registration No. **1010586987** issued on **8 Thul-Qi'dah 1440H** (corresponding to **11 July 2019G**).

The Company is engaged in real estate development of residential buildings with modern construction methods, real estate development of commercial buildings with modern construction methods, purchase and sale of real estate land, division and off-plan sales activities, management and leasing of owned or leased real estate (Residential), Management and leasing of leased owned real estate (non-residential), management and operation of hotel apartments non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

- During the year **2021G**, the Company incorporated Al Raayea Real Estate Company, a one-person limited liability company under the companies' law in the kingdom of Saudi Arabia under commercial registration No. **1010697309** issued on **18 Sha'ban 1442H** (corresponding to **31 March 2021G**).

The Company is engaged in the general contracting of residential buildings with modern construction methods, buying and selling real estate land, its division and off-plan sales activities.

- During **2021G**, the Company acquired **350** shares (out of a total of **500** shares) in Jadet Al Shatea Real Estate Company, a limited liability company under the companies' law in the kingdom of Saudi Arabia under commercial registration No. **4030381446** issued on **9 Shawwal 1441H** (corresponding to **1 June 2020G**).

The Company is engaged in general contracting of residential buildings with modern construction methods, purchase and sale of real estate land, division and off-plan sales activities of lands.

- During the year **2021G**, the Company participated in the establishment of Jadet Al Rabea Real Estate Company, a limited liability company under the companies' law in the kingdom of Saudi Arabia under commercial registration No. **1010662510** dated **3 Rabi' al-Awwal 1442H** (corresponding to **20 October 2020G**). Dar Al Majid Real Estate Company owns **25** cash shares out of a total of **100** cash shares in Jadet Al Rabea Real Estate Company. The remaining shares are in name of other individual shareholder, The Group manages and controls all the operations, funds and financial and strategy of the company, therefore, it has been consolidated in these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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1. GROUP INFORMATION (continued)

A. Consolidated Subsidiaries (continued)

7. During the year 2022G, the Company participated in the establishment of the Al Majdiah Investment Fund, a closed real estate investment fund that complies with Shariah standards and rules and was established by Jadwa Investment Company (the "Fund Manager"), which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. Dar Al Majid Real Estate Company owns 1,000,000 units out of a total of 1,000,000 units in Al Majdiah Investment Fund. The Fund has a term of 3 periods, which is extendable two times for another one year for each extension, on the discretion of the Fund Manager after the approval of Capital Market Authority ("CMA").
8. During the year 2020G, the Company subscribed in Al Dar Investment Fund, a closed real estate investment Fund that complies with Shariah standards and rules and was establish by Jadwa Investment Company which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. As at 31 December 2024G, the Company directly owns 27% and indirectly owns 43% through Al Majdiah Investment Fund. The Fund has a term of 3 periods, which is extendable two times for another one year for each extension, on the discretion of the Fund Manager after the approval of CMA. During 2024G, the majority of the board of directors of Fund approved to extend the Fund term for one year which was about to expire in April 2024G. Therefore, the separate financial statement of the Fund are prepared on basis other than going concern. The Group considers the impact of not consolidating this Fund to be immaterial.
9. During the year 2022G, the Company subscribed in Al Narjis Investment Fund, a closed real estate investment Fund that complies with Shariah standards and rules and was establish by Jadwa Investment Company which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. As at 31 December 2023G, the Company indirectly owns 64% through Al Majdiah Investment Fund. The Fund has a term of 3 periods, which is extendable two times for another one year for each extension, on the discretion of the Fund Manager after the approval of CMA.
10. During 2024G, Al Raayea Real Estate Company owned 50% share in Burj Al Raayea Real Estate Company, a limited liability company that was established in 2024G under the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 1009072138 issued on 11 Muharram 1446H (corresponding to 17 July 2024G).

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

2.1.1 STATEMENT OF COMPLIANCE

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in kingdom of Saudi Arabia and other standards and pronouncement endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) (referred to thereafter as "IFRS as endorsed in KSA").

2.1.2 Historical Cost Convention

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investment properties, financial assets at fair value through profit or loss, investment in equity instrument at fair value through other comprehensive income that have been measured at fair value, and end of service benefits that have been measured at Projected Unit Credit Method.

2.1.3 Basis of Measurement

These consolidated financial statements are presented in SAR, which is the Company's functional and presentation currency. These consolidated financial statements have been rounded-off to the nearest SAR unless otherwise stated.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024G. Control is achieved when the Group is exposed to 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:

- A. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- B. Exposure, or rights, to variable returns from its involvement with the investee; and
- C. The ability to use its power over the investee to affect its returns

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:

- A. The contractual arrangement(s) with the other voting holders of the investee;
- B. Rights arising from other contractual arrangements; and
- C. 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.

Profit or loss and each component of OCI are attributed to the shareholders of the Parent Company of the Group and to the non-controlling interests (if any), 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 into 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 derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024G. The Group has not early adopted any other standards, interpretations or amendments that has been issued but not yet effective. These amendments had no material impact on the Group and are as follows:

Standards	Description
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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For the year ended 31 December 2024G

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

2.4.1 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, regardless of whether the assets or other liabilities of the investee have been allocated to those units.

2.4.2 Investment in an Associate

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 not control or joint control over those policies.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the investee since the acquisition date. Goodwill relating to the investee is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss 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 recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss after operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.2 Investment in an Associate (continued)

After application of the equity method, the Group determines whether it is necessary to recognize 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 of the associate and its carrying value, and then recognizes the loss within 'Share in results of an associate' in the statement of profit or loss.

Upon loss of material influence over the associate, the Group measures and recognizes 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 recognized in profit or loss.

2.4.3 Current Versus Non-Current Classification

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 realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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;
- Held primarily for the purpose of trading;
- 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.

2.4.4 Fair Value Measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position.

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024G

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.4 Fair Value Measurement (continued)

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

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

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

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets. Involvement of external valuers is determined annually by the Audit and Risk Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated regularly.

The investment team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following items:

- Disclosures for valuation methods, significant estimates and assumptions.
- Quantitative disclosures of fair value measurement hierarchy.
- Investment properties.
- Financial instruments (including in carried at amortized cost).

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024G

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.5 Property and Equipment

Capital work in progress is stated at cost, net of impairment losses. Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs (if any) for long-term projects if the recognition criteria are met. When significant parts of property and equipment 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 recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of profit or loss as incurred.

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

Buildings	20 years
Leasehold improvements	10 years
Motor vehicles	7 years
Furniture and office equipment	5 – 7 years
Computers, programs hardware electronic devices	6.67 – 10 years

An item of property and equipment is derecognized upon disposal (i.e the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gains or losses 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 profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.4.6 Investment Properties

Investment property comprises completed property and property under development or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises principally of properties that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. This property is rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Transfers are made to (or from) investment property only when there is evidence of a change in use (such as commencement of development or inception of an operating lease to another party). For a transfer from investment property to investment property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognized in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to inventories) or inception of an operating lease to another party (for a transfer from inventories to investment property).



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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Investment Properties (continued)

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS (15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The revenue and the cost of sales (carrying amount of the asset) is recognized in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

2.4.7 Inventory Properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property, is measured at the lower of cost and net realizable value (NRV).

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land.
- Amounts paid to contractors for development.
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When a property for development and land is sold, the carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of the inventory property recognized in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

2.4.8 Non-Current Assets Held for Sale

The Group classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Group applies individual recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease Payment and right-of-use assets representing the right to use the underlying assets.

A. 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 accordance any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Category of Right-of-use assets	Lease term
Building	4 years

The right-of-use assets are also subject to impairment.

B. Lease Liabilities

At the commencement date of the lease, the Group recognizes 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 recognized as expense in the year on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 commission 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.



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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.9 Leases (continued)

C. Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.4.10 Impairment of Non-Financial Assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate (where applicable) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.11 Financial Instruments

Recognition and Initial Measurement

Account receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Group has implemented following classifications for its financial assets:

Financial statement line item	IFRS 9 classification
Trade and other receivables	Amortized cost
Cash and cash equivalents	Amortized cost
Financial assets at fair value through profit or loss	Fair value

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.11 Financial Instruments (continued)

Financial Assets at Amortized Cost (debt instrument)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes accounts receivables and Murabaha assets.

Financial Assets Designated at Fair Value Through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investment in equity instruments and discretionary portfolios under this category.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes units of funds. Dividends from funds are also recognized as income in consolidated statement of profit or loss when the right of payment has been established.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flow from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.11 Financial Instruments (continued)

Impairment of Financial Assets

The Group assesses all information available, including a forward-looking basis the expected credit loss associated with its assets carried at amortized cost and debt instruments measured at fair value through other comprehensive income. The impairment method applied depends on whether there has been a significant large increase in credit risk. To assess whether there is a material increase in credit risk, the Group compares the risk of a default occurring at the asset as at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward looking information.

Expected Credit Loss Assessment for Accounts Receivables

For accounts receivable only, the Group recognizes expected credit losses on simplified approach under IFRS 9. The simplified approach to the recognition of expected credit 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 accounts receivable.

Over the term of the Murabaha receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each borrower and adjusts for forward looking macroeconomic data.

Write-Off and Control

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Classification of Financial Liabilities

The Group classifies its financial liabilities including long term borrowings, Murabaha financings and trade payables, other than financial guarantees and loan commitments, all financial liabilities are recognized initially at fair value and in the cost of loans and borrowings and payables net of transactions cost. The group financial liability included other payables and borrowing and, subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

Accounts and other payables represent liabilities for goods or services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured. These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.



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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.11 Financial Instruments (continued)

Modifications Of Financial Assets and Financial Liabilities

Financial Assets

If the terms of the financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of profit or loss.

Financial Liabilities

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, which are subject to non-material risks of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

Restricted cash that is not available for use by the Group is excluded from cash and cash equivalents for the purpose of preparing the consolidated statement of cash flows. The restricted cash relates to amounts received from customers for the sale of off-plan residential units.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.12 Employees' Benefits

Short Term Employee Benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employee benefits are payable to all employees employed under the terms and conditions of the Labor Laws applicable on the Group and its subsidiaries, on termination of their employment contracts.

Defined benefit plans

In addition to the above, employees' defined benefit liabilities are provided for in accordance with the requirements of the Saudi Arabian Labor Law and the Group's policies. These employees' defined benefit liabilities represent a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit liability recognized in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit obligation (DBO) at the statement of financial position date. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. Re-measurement amounts, if any, are recognized and reported within equity under the consolidated statement of changes in shareholders' equity with corresponding debit or credit to OCI that comprises of actuarial gains and losses on the defined benefits obligation.

2.4.13 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current 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 recognized as a finance cost. If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

2.4.14 Contingent Assets and Liabilities

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Group.

2.4.15 Borrowing costs

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



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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.16 Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer.

The Group assess the goods or services promised in a contract with a customer and identifies as a performance obligation either:

- A. Good or service that that can distinct; or
- B. Series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct good or service is satisfied over the time and the same method is used to measure progress).

The Group satisfies a performance obligation and recognizes revenue over time, if the following criteria is met:

- A. The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date: or
- B. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced: or
- C. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For the performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount consideration received from a customer exceeds the amount of services recognized, this gives rise to the contract liabilities.

Principal opposite Agent

Significant judgment is required to determine whether the Group is acting as a principal, reporting revenue on a gross basis, or as an agent, reporting revenue on a net basis. The Group assesses whether it controls the performance obligation for each service.

The Group evaluates different revenue categories; however, before concluding whether it acts as a principal or an agent, the Group exercises judgment, considering the nature of the product and solution provided, the complexity involved in delivering the product and solution, and the level of control the Group has over the process of delivering the product and solution.

Sales of products and services in which the Group acts as a principal are presented on a gross basis.

Sales of products and services where the Group does not participate in fulfilling the performance obligations are presented on a net basis.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.16 Revenue Recognition (continued)

Sale of Off-Plan Properties Under Development

The Group assesses whether there are promises within the contract that represent separate performance obligations to which a portion of the transaction price should be allocated. For contracts related to the sale of properties under development, the Group is responsible for the overall management of the project and determines the various goods and services to be provided, including design work, procurement of materials, site preparation and foundation casting, framing and plastering, mechanical and electrical works, installation of fixtures (e.g., windows, doors, cabinets, etc.), and finishing works.

The Group considers these elements to constitute a single performance obligation, as it provides a significant service of integrating the goods and services (inputs) into the completed property (combined output) that the customer has contracted to purchase.

For the sale of properties under development, the Group has determined, for its standard contracts for the sale of multi-unit properties off-plan, that its performance does not create an asset with an alternative use to the Group. It has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Accordingly, control is transferred over time for these contracts, and therefore, revenue for these contracts is recognized over time.

Sale of Off-Plan Properties Under Development (continued)

For contracts that meet the criteria for revenue recognition over time, the Group measures its performance using the input method, with reference to costs incurred to fulfill the performance obligation (e.g., resources consumed, labor hours spent, costs incurred, time elapsed, or machine hours used) relative to the total expected inputs required to complete the property. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of the goods or services to the customer (such as unexpected amounts of wasted materials, labor, or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in fulfilling the performance obligation (such as uninstalled materials).

Rental Income

The Group earns revenue from acting as a lessor in operating lease contracts that do not substantially transfer all the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment properties is recognized on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operational nature, except for contingent rental income, which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as rental income.

Real Estate Commission Income

The Group has contracts with customers to provide marketing services for the sale of properties owned by customers on their behalf. Under these contracts, the Group provides marketing services for these properties (i.e., marketing properties to suitable buyers and managing the sale process). The Group does not obtain control of the properties before they are transferred to the buyer. The Group acts as an agent and recognizes revenue on a net basis for these arrangements. Revenue is recognized at a point in time (i.e., when the property is sold) as this is when the customer benefits from the marketing services provided by the Group.



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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.16 Revenue Recognition (continued)

Revenue From Development Services

The Group has contracts with customers to provide real estate development services for real estate projects owned by customers on their behalf. Under these contracts, the Group provides development services (i.e., coordinating the selection of suitable contractors, managing the development process, and delivering it to customers) in exchange for a percentage of the development costs incurred. The Group does not obtain control of the properties when developing them and before transferring them to the customer. The Group acts as an agent and recognizes revenue on a net basis for these arrangements.

The Group recognizes revenue from real estate development services over time, as the customer simultaneously receives and consumes the benefits provided.

The Group recognizes revenue based on a percentage of costs incurred on real estate development projects for customers.

Maintenance Income

The Group earns maintenance revenue from amounts received from customers upon the conditional exchange of contracts related to a five-year future maintenance obligation as part of the sale of real estate inventory. Maintenance income is recognized on a straight-line basis over the maintenance period and is included in revenue in the statement of profit or loss.

Significant Financing Component

The Group adjusts the promised amount of consideration, if any, for the time value of money if the contract contains a significant financing component.

Measuring Progress Towards Complete Satisfaction of A Performance Obligation

For each performance obligation that is satisfied over time, the Group applies a single method of measuring progress toward complete satisfaction of the obligation. The Group selects an appropriate input and output method and then applies it continuously to similar performance obligations and under similar conditions.

Contract Costs

Incremental costs of obtaining a contract are recognized as an expense unless the Group expects, with reasonable certainty, to recover these costs from its customers and where such costs are clearly chargeable to customers.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.17 Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the consolidated statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

2.4.18 Value added tax "VAT" and Real estate transaction tax

Expenses and assets are recognized net of the amount of value added tax, except:

- When the value of added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position

The disposal of real estate in the Kingdom of Saudi Arabia by way of certain transactions resulting in a transfer of legal ownership or possession will be VAT exempt and subject to a 5% real estate transaction tax ("RETT"). RETT is applicable on the transaction that took place on or after 4 October 2020G. However, as per the RETT law, the licensed real estate developer can recover input VAT on the property sold after 4 October 2020G.

2.4.19 Dividends Distribution

The Group establishes the obligations related to paying the cash dividends to the Company's Shareholders when approving the distribution. According to the Saudi Arabian Regulations for Companies, dividends are approved upon approval by the Shareholders. The corresponding amount is directly recognized in equity.

2.4.20 Selling, Distribution Expenses, and General and Administration Expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of revenues and selling, distribution, general and administration expenses, when required, are made on a consistent basis. The Group charges the payments, other than those related to volume-based rebates, made in respect of long-term agreements with customers and distributors to selling and distribution expense.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Group's consolidated financial statements, in conformity with IFRS as endorsed in KSA requires the use of judgements, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the consolidated statement of financial position date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



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3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Judgements

Information about judgement made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following note:

Property Lease Classification

Group as a lessor:

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Going Concern

The Group's management has assessed the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements are prepared on a going concern basis.

Determining The Transfer of Control for Recognition of Revenue from Rendering of Services

Revenue from rendering of services is recognized when the services have been rendered to the customer. In making this assessment, the Group has exercised judgment based on the terms and conditions of the underlying contracts. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2024G is included in the following notes.

Fair Valuation of Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of profit or loss. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2024G and 31 December 2023G. Further where comparable market data is available, the Group revalue the property by relevance to transaction involving the properties of similar nature location and conditions. The Group engaged an independent valuation specialist to assess the fair values as at 31 December 2024G and 31 December 2023G.

Defined benefit liabilities

The Group's net obligation in respect of defined benefit liability is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation is determined based on actuarial valuation at the statement of financial position date by an independent actuary using the Projected Credit Unit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. In Kingdom of Saudi Arabia, the discount rates used for determining the present value of the obligation under defined benefit plan are determined by reference to US bond yields, (as the ₪ is pegged to the US dollar) adjusted for an additional risk premium reflecting the possibility of the linkage being broken. Other assumptions include mortality rate, future salary increase and future pension increase.

Revenue From the Sale of Real Estate Units Under Development

The Group recognizes revenue from the sale of real estate units under development over time based on management's assessment that its performance does not create an asset with an alternative use to the Group under the signed contracts with customers. Additionally, the Group has an enforceable right to receive payment for performance completed to date, based on the signed contracts with customers and in accordance with the laws and regulations of the Kingdom of Saudi Arabia.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Assumptions and Estimation Uncertainties

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Net assets value ("NAV"). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Impairment Of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF 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 assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Estimation of net realizable value for inventory property

Inventory property is stated at the lower of cost and net realizable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same geographical market serving the same real estate segment. NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

Estimate Of Useful Lives and Residual Values

The useful life used to amortize or depreciate intangible assets or property and equipment respectively relates to the expected future performance of the assets acquired and management's judgement based on technical evaluation of the period over which economic benefit will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. An asset's expected life residual value has a direct effect on the depreciation charged in the consolidated statement of profit or loss. The useful lives and residual values of Group's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Impairment Loss on Trade and Other Receivables

Accounts and other receivables are stated at their amortized cost as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience adjusted appropriately for the future expectations. Individual receivables are written off when management deems them not to be collectible.



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3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Assumptions and Estimation Uncertainties (continued)

Right-Of-Use Assets

The Group recognizes 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 remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognizes 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. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the Period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in finance charges.

Short-Term Leases and Leases Of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of real estate (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Assumptions and Estimation Uncertainties (continued)

Provision For Expected Credit Losses of Trade Receivables And Contract Assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provision For Foreseeable Losses

The Group recognizes an onerous contract provision (IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') for future losses on contracts where it is considered probable that contract costs are likely to exceed revenue at contract completion. Estimating future losses involves making a number of assumptions, (e.g. contractual position with the customer, vendors and subcontractors, negotiations with the customer, vendors and subcontractors, cost to complete estimates, past experience with the customer, vendors and subcontractors, etc.), about the achievement of contract performance targets and the likely levels of future cost escalations over time.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE AND OTHER AMENDMENTS

The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

Standards	Description	Mandatory effective date
Amendments to IAS 21	Lack of exchangeability	1 January 2025G
Amendments to IFRS 9 and IFRS 7	Amendments to Classification and Measurement of Financial Instruments	1 January 2026G
Amendments to IFRS 9 and IFRS 7	Contracts referring to nature-based electricity	1 January 2026G
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027G
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027G



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5. 5PROPERTY AND EQUIPMENT

	Land (Note 5-1) ﷲ	Buildings ﷲ	Leasehold improve- ments ﷲ	Motor vehicles ﷲ	Furniture and office equip- ment ﷲ	Comput- ers, soft- ware and electronic devices ﷲ	Total ﷲ
Cost							
As at 1 January 2023G	18,411,250	3,588,750	792,630	781,388	984,004	1,686,929	26,244,951
Additions	-	-	863,245	185,200	105,453	237,928	1,391,826
Disposal	-	-	-	(44,625)	-	-	(44,625)
As at 31 December 2023G	18,411,250	3,588,750	1,655,875	921,963	1,089,457	1,924,857	27,592,152
Additions	-	-	70,000	-	-	399,448	469,448
Disposal	-	-	-	-	-	(7,786)	(7,786)
As at 31 December 2024G	18,411,250	3,588,750	1,725,875	921,963	1,089,457	2,316,519	28,053,814
Accumulated depreciation							
As at 1 January 2023G	-	272,254	100,263	431,792	607,221	443,605	1,855,135
Charge for the year	-	179,437	125,906	100,487	98,382	451,444	955,656
Disposal	-	-	-	(9,810)	-	-	(9,810)
As at 31 December 2023G	-	451,691	226,169	522,469	705,603	895,049	2,800,981
Charge for the year	-	179,438	165,586	118,731	109,888	456,711	1,030,354
Disposal	-	-	-	-	-	(4,536)	(4,536)
As at 31 December 2024G	-	631,129	391,755	641,200	815,491	1,347,224	3,826,799
Net book value							
As at 31 December 2023G	18,411,250	3,137,059	1,429,706	399,494	383,854	1,029,808	24,791,171
As at 31 December 2024G	18,411,250	2,957,621	1,334,120	280,763	273,966	969,295	24,227,015

5.1 The legal possession of land title deed is in the name of two shareholders, due to the inability to transfer the ownership of the property to Dar Al-Majid Real Estate Company (the "Parent Company") due to the suspension issued by the authorities for transferring the title deeds to the new owners relating to Al-Qirawan district. The shareholders have confirmed that this land is registered in their name for statutory purpose only and they confirmed the ownership of the land belongs to the Group.

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6. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has a lease contract for residential buildings, with a lease term of 4-5 years including rent grace period. Set out below are the carrying amount of right-of-use asset recognized and the movement during the year:

	2024G	2023G
	ﷲ	ﷲ
Cost		
At 1 January	2,076,348	2,076,348
At 31 December	2,076,348	2,076,348
Accumulated amortization:		
At 1 January	1,617,722	1,160,349
Depreciation expense	458,626	457,373
At 31 December	2,076,348	1,617,722
Carrying amount	-	458,626

Set out below are the carrying amount of lease liability recognized and the movement during the year:

	2024G	2023G
	ﷲ	ﷲ
At 1 January	792,638	1,551,193
Finance cost (Note 25)	7,362	41,445
Amounts paid	(800,000)	(800,000)
At 31 December	-	792,638
Current	-	792,638
Non-current	-	-

The following are the amounts recognized in the consolidated statement of profit or loss:

	2024G	2023G
	ﷲ	ﷲ
Depreciation expense of right-of-use assets (Note 23.2)	458,626	457,373
Commission expense on lease liabilities (note 25)	7,362	41,445
Total amount recognized in profit or loss	465,988	498,818

The Group had total cash outflows for lease of ﷲ 800,000 in 2024G (2023G: ﷲ 800,000).

Group as a lessor:

The Group has entered into an operating lease for commercial leasing and two residential projects. These leases are short term leases. Rental income recognized by the Group during 2024G is ﷲ 11.2 million (2023G: ﷲ 5.3 million) (note 23.1).



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7. INVESTMENT PROPERTIES

	2024G س.م	2023G س.م
Lands	6,214,360	25,029,719
Buildings	155,438,432	139,908,936
	161,652,792	164,938,655

7.1 Movement in investment properties

	2024G س.م			2023G س.م		
	Lands	Buildings	Total	Lands	Buildings	Total
At 1 January	25,029,719	139,908,936	164,938,655	79,532,866	-	79,532,866
Capital expense on owned properties	31,597	14,827,050	14,858,647	733,636	7,127,206	7,860,842
Transfer to related parties	-	-	-	(71,220,980)	-	(71,220,980)
Disposals (recognized within of sales) (note 23.2)	-	-	-	(11,644,157)	-	(11,644,157)
Remeasurement adjustment	(846,956)	702,446	(144,510)	8,164,930	44,115,480	52,280,410
Transferred (to) from inventory properties (note 8)	(18,000,000)	-	(18,000,000)	19,463,424	88,666,250	108,129,674
At 31 December	6,214,360	155,438,432	161,652,792	25,029,719	139,908,936	164,938,655

D. Description of significant observable inputs to valuation

The significant unobservable inputs used in the fair value measurements of investment properties categorized within Level 2 of the fair value hierarchy as at 31 December 2024G and 31 December 2023G are as follows:

Investment properties	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			2024G	2023G
Lands	Comparable market approach	Price per Sqm	1250 per Sqm	1268.5 per Sqm
Building	Comparable market approach	Price per Sqm	9,000 per Sqm (Land)	6,893 per Sqm (Land)
	Income capitalization method (50% weighted each)	Annual rental growth and long-term vacancy Restated	9,000 per Sqm (Building) 8%	6,893 per Sqm (Building) 8.5%
Building	Comparable market approach	Price per Sqm Annual rental growth and long-term vacancy Restated	10,450 per Sqm	-

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7. INVESTMENT PROPERTIES (continued)

7.1 Movement in investment properties (continued)

The fair value of lands and buildings in Qassim, Al Yasmin District and Al Malga in Saudi Arabia is valued using the market comparable approach and income capitalization method.

Under market comparable approach, a property's fair value is estimated based on the market comparison between the property being valued and similar ones located in the same area and newly sold, and the value index of the property being value is derived from applying appropriate comparison units and making adjustments to the sale prices of similar properties based on comparative elements.

The valuations were performed by OPM by Olat Real Estate, an independent valuer with a recognized and relevant professional qualification and recent experience of the location and category of the investment property being valued and accredited from Saudi Authority for Accredited Valuers ("TAQEEM") under membership number 1210000397. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation model is consistent with the principles in IFRS 13. More information about the fair value measurement is set out in note 28.



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8. INVENTORY PROPERTIES

The Group has subsidiaries that develop residential properties, which they sell in the ordinary course of business. The Group entered into contracts to sell some of these properties. The Group classified all properties as current asset which are expected to be completed and sold in the next 12 months, except for properties under development which are not expected to be completed in the next 12 months.

A summary of movement in inventory properties is set out below.

	2024G	2023G
	ﷲ	ﷲ
At 1 January	1,494,586,457	1,696,361,545
Development costs incurred	1,153,366,461	577,897,364
Borrowing cost capitalized (note 8.1, 25)	30,245,333	19,941,978
Transferred from (to) investment properties (note 7)	18,000,000	(108,129,674)
Disposals (recognized in cost of sales) (note 8.2, 23.2)	(1,002,752,740)	(691,484,756)
At 31 December	1,693,445,511	1,494,586,457
Inventory properties expected to be completed and sold within the next 12 months	723,915,374	589,582,975
Inventory properties under development not expected to be completed and sold within the next 12 months	969,530,137	905,003,482
	1,693,445,511	1,494,586,457

8.1 BORROWING COSTS CAPITALISED

The Group has 18 ongoing projects as at 31 December 2024G (2023G: 14 projects). These projects are expected to be at different intervals ranging from form 1-4 years. The carrying amount of these project at 31 December 2024G was ﷲ 1,693,4 million (2023G: ﷲ 1,494,6 million).

All these projects are financed by loans and borrowings available to the Group amounting to ﷲ 1,149 million at 31 December 2024G (2023G: ﷲ 630,2 million). Real estate properties are secured as mortgage with a value of 133% (2023G: 150%) of the financing amount with Riyadh bank. One land in Narjis district is mortgaged with Banque Saudi Fransi (note 18).

The amount of borrowing costs capitalized during the year ended 31 December 2024G was ﷲ 30.2 million (2023G: ﷲ 19.9 million). The rate used to determine the amount of borrowing costs eligible for capitalization for these projects ranges between 5.5% – 8.5% (2023G: between 4.8% – 8.3%) which is the EIR of the specific borrowing.

8.2 The amounts recognized in cost of sales– property units for the year as follows:

	2024G	2023G
	ﷲ	ﷲ
Relating to property units (notes 8.2.1, 23.2)	694,994,116	684,304,648
Relating to sale of lands (note 8.2.1, 23.2)	307,758,624	7,180,108
	1,002,752,740	691,484,756

8.2.1 The cost of inventory of completed properties includes ﷲ 31.9 million cost of properties units off-plan sales (note 23.2).

8.2.2 This amount represents the cost of land held for sale purposes classified as inventory properties and sold during the year.

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9. INVESTMENTS IN AN ASSOCIATE

The Group has an share in First Avenue Real Estate Development Company which is involved in real estate development activities in Saudi Arabia. The Group's share in First Avenue Development Company is accounted for using the equity method in the consolidated financial statements.

- 9.1 Effective 1 September 2021G, the Group obtained 15% equity of First Avenue Real Estate Development Company for a total consideration ₪ 60.75 million. On 22 November 2022G, the Group entered into an agreement with the Investee to buy an additional 484,795 shares at a price of ₪ 65 per share and total value of ₪ 31.5 million in exchange for 2,442,578 units in Al Shorfa Investment Fund at a price of ₪ 12.9 per unit shares and a total value of ₪ 31.5 million resulting in the Group's total shareholdings of 17.57% as at year end.
- 9.2 On 7 June 2023G, the Associate's Board members in the extraordinary meeting approved to issue 1 share for each 2 shares as a transfer at ₪ 74,948,967 from share premium to share capital. Out of this, the amount of ₪ 18,135,427 was given against the employee share incentive program. Therefore, the Group's total shareholdings decreased from 17.57 % to 15.79% as result of forfeiture of the respective shares towards employees of the associate resulting in a decrease in the ownership percentage in investment and recorded losses of ₪ 3,167,828
- 9.3 On 27 August 2024G, the Group sold a portion of its shares in First Avenue Real Estate Development Company, at a number of 10,911,411 shares, to Makkah Construction and Development Company. Consequently, the Group's ownership percentage of the shares decreased from 15.79% to 10% as a result of the sale of the shares. The sale of the shares resulted in a profit of ₪ 12,299,199.
- 9.4 On 14 August 2024G, First Avenue Real Estate Development Company announced in its prospectus the offering of 16.42 million new shares in the Parallel Market "Nomu". The offered shares represented 8.01% of the Group's share capital after the offering, bringing the total share capital to ₪ 205,000,000 million. On 5 September 2024G, the Saudi Capital Market Authority announced the issuance of its board resolution approving the offering and listing of the Group's shares on the Nomu - Parallel Market. The offering period for the Group's shares commenced on 10 September 2024G, and lasted for five business days, and concluded on 16 September 2024G. The Group's shares were subsequently listed on 16 October 2024G. As a result, the Group's ownership percentage in the shares decreased from 10% to 9.2% following the offering. Consequently, the Group lost its significant influence over the associate company, leading to the reclassification of the investment to fair value through other comprehensive income (Note 10). The Group's ownership in the associate company before the offering and share reduction stood at 10% (2023G: 15.79%).



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9. INVESTMENTS IN AN ASSOCIATE (continued)

The following table illustrates the summarized financial information of the Group's investment in First Avenue Real Estate Development Company:

	2024G س.م	2023G س.م
Current assets	-	173,450,469
Non-current assets	-	318,499,675
Current liabilities	-	(131,010,111)
Non-current liabilities	-	(24,736,857)
Equity	-	336,203,176
The Group's share in equity – (transferred to investment at fair value, note 10) (2023G: 15.79%)		120,847,554
Group's share in results	-	9,032,831

	2024G س.م	2023G س.م
Revenue	159,810,557	237,845,342
Cost of revenue	(103,541,897)	(185,913,909)
Gross profit	56,268,660	51,931,433
Net operating profit	22,073,284	39,424,306
Net Profit before Zakat	45,627,474	53,083,906
Net profit for the year	43,127,474	51,603,906
Total comprehensive income	85,673,545	64,631,737
Group's share of income	10,330,843	9,032,831

A summary of movement in investment in an associate is set out below:

	2024G س.م	2023G س.م
At 1 January	120,847,554	113,599,909
Share in profit or loss	6,795,138	6,723,115
Share in other comprehensive income	6,703,533	2,309,716
Losses (Note 9.2)	(3,167,828)	-
Disposal (note 9.3)	(47,931,131)	-
Dividends	(3,206,202)	(1,785,186)
Transferred to investments in equity instruments at fair value through other comprehensive income (note 9.4, 10)	(80,041,064)	-
	-	120,847,554

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10. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2024G, the Group holds a 9.2% share in First Avenue Real Estate Development Company, which is engaged in real estate development activities in the Kingdom of Saudi Arabia. As outlined in (note 9), the Group accounted for its share in First Avenue Real Estate Development using the equity method in the consolidated financial statements. However, following the listing of the investee company in the Nomu Parallel Market and the decrease in the Group's ownership percentage, the Group lost its significant influence over the investee company. Consequently, the Group reclassified the investment to fair value through other comprehensive income, which the Group has chosen to treat as irrevocable and to recognize changes in fair value through other comprehensive income, considering it a strategic investment.

The details of equity instruments at fair value through other comprehensive income are as follows:

Company	Country of incorporation	% of shareholding	
		2024G	2023G
First Avenue Real Estate Development Company	Saudi Arabia	9.2%	(15.79% Investment in associate note 9)

The movement in investments in equity instruments at fair value through other comprehensive is as follows:

	2024G	2023G
	ﷲ	ﷲ
At 1 January	-	-
Transferred from investment in associate (note 9)	80,041,064	-
Unrealized profit of fair value changes	84,463,434	-
	164,504,498	-

The movement in fair value reserve is as follows:

	2024G	2023G
	ﷲ	ﷲ
At 1 January	-	-
Unrealized profit of fair value changes	84,463,434	-
	84,463,434	-



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11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024G	2023G
	ﷲ	ﷲ
Real estate funds (note 11.1)	204,859,391	30,077,193
Murabaha (Note 11.2)	-	44,037,976
	204,859,391	74,115,169

The movements during the year were as follows:

	2024G	2023G
	ﷲ	ﷲ
At 1 January	74,115,169	34,614,631
Additions	946,822,612	47,251,680
Disposals	(826,269,727)	(5,291,187)
Valuation gain (Loss) (note 26)	10,191,337	(2,459,955)
At 31 December	204,859,391	74,115,169

The breakup of additions, disposal and valuation gains is as follows:

	2024G	2023G
	ﷲ	ﷲ
Additions		
Real estate funds	946,822,612	3,251,680
Murabaha (note 11.2)	-	44,000,000
	946,822,612	47,251,680
Disposals		
Real estate funds	826,269,727	-
Listed equity shares (note 11.3)	-	5,291,187
	826,269,727	5,291,187
Valuation gains / (loss)		
Real estate funds (note 11.1)	10,191,337	(4,358,766)
Listed equity shares (note 11.3)	-	1,860,835
Murabaha (note 11.2)	-	37,976
	10,191,337	(2,459,955)

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11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Group has investments in three real estate funds as at 31 December:

	2024G	2023G
	ﷲ	ﷲ
Fund 40	160,000,000	-
Al-Manzil Investment Fund	21,800,000	-
Al Dar Investment Fund 2	12,701,750	20,340,000
Al Dar Investment Fund 3	9,504,162	-
Al Shorfa Investment Fund	853,479	5,961,258
Bloom Investment Fund	-	3,775,935
At 31 December	204,859,391	30,077,193

- 11.1 The total unrealized profit on real estate funds above was ﷲ 10.2 million during the year ended 31 December 2024G (unrealized loss in 2023G: ﷲ4.4 million).
- 11.2 During the year 31 December 2023G, the Group invested in 11,672 units of Dawnay Day & Co. Ltd. as Murabaha investment, with a cost amounting to ﷲ 44 million. The total unrealized gain on the above Murabaha investment amounted to ﷲ 40,000 at 31 December 2023G.
- 11.3 The Group invested in four of the listed securities i.e. Elm Company, Power and Water Utility Company, Solutions by STC. In 2023G, all the above listed equity shares amounting to ﷲ 5.3 million were sold. The total realized profit on the above listed equity shares amounted to ﷲ1.9 million during the year ended 2023G.



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12. TRADE RECEIVABLES AND CONTRACT ASSETS

12.1 Trade Receivables

	2024G ﷲ	2023G ﷲ
Trade Receivables	80,797,260	69,158,615
Less: Provision for expected credit losses	(7,034,517)	(3,913,312)
	73,762,743	65,245,303

Terms and conditions of the above financial assets are as follows:

Trade receivables are non-interest bearing and are generally settled within 30 days. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Movement in allowance for expected credit losses	2024G ﷲ	2023G ﷲ
At 1 January	3,913,312	5,486,597
Charge (reversal) for the year	3,121,205	(1,573,285)
At 31 December	7,034,517	3,913,312

12.2 Contract Assets

	2024G ﷲ	2023G ﷲ
Contract assets - Real estate development (note 12.2.1)	66,674,567	59,805,570
Contract assets - off-plan sales (notes 12.2.2, 12.2.3)	21,932,736	-
	88,607,303	59,805,570

12.2.1 Contract assets are initially recognized for revenue earned from real estate development and management services rendered but yet to be billed to customers as at the year end. Upon billing of invoice, amounts that are recognized as contract assets are reclassified to trade receivables. The increase in contract assets in 2024G is mainly due to the increase in ongoing real estate development at the end of the current year compared to prior year. Subsequent to year end, the whole amount of ﷲ 66,6 million (2023G: ﷲ 59,8 million) has been billed to customers.

12.2.2 The assets of off-plan sale contracts represent the total amounts expected to be collected from off-plan sale customers with whom contracts have been signed to sell properties units off-plan, in exchange for the executed contract works. These are measured based on the incurred costs plus recognized profits, minus any progress billings collected and recognized losses.

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12. TRADE RECEIVABLES AND CONTRACT ASSETS (continued)

12.2.3 Contract Assets - off-plan sales

	2024G س.م	2023G س.م
Value of Project Contracts	101,860,000	-
Less: Value of un-executed works	(58,227,163)	-
Value of executed works (note 23- 1)	43,632,837	-
Less: Progress billings and advances	(21,700,101)	-
	21,932,736	-

Following is the movement in the contract assets of off-plan sales during the year:

	2024G س.م	2023G س.م
At the beginning of the year	-	-
Value of executed works during the year (note 23- 1)	43,632,837	-
Less: Progress billings and advances	(21,700,101)	-
	21,932,736	-

13. PREPAYMENTS AND OTHER CURRENT ASSETS

	2024G س.م	2023G س.م
VAT receivable (note 13.1)	49,479,114	77,322,385
Advances to suppliers	35,334,043	36,890,053
Prepaid expenses	16,121,527	7,422,228
Cash margin against bank guarantees (note 13.2)	11,140,243	4,875,281
Real estate tax (note 13.3)	1,852,735	1,868,845
Employees receivable	602,719	1,012,590
Other	879,020	979,527
	115,409,401	130,370,909

13.1 The above VAT receivable is relating to inputs for purchase of good and services. Subsequent to year end, the Group has submitted its VAT declaration, the tax advisor and the management of the Group are confident that the above amounts will be reimbursed within the statutory time frame.

13.2 Cash deposits against letters of guarantee represent the balance held by bank in favor of one supplier by Al Rajhi Bank. The amount is restricted by the bank.

13.3 The above tax represents real estate tax collected from customers on selling of property units and it is computed based on 5% of the unit value. Subsequent to year end, the Group has submitted its declaration, the tax advisor and the management of the Group are confident that the above amounts will be reimbursed within the statutory time frame.

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14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties represent the shareholders, key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

14.1 Amounts due from related parties

Related Parties	Relationship	Nature of transaction	Amount of transaction		Balance	
			2024G ﷲ	2023G ﷲ	2024G ﷲ	2023G ﷲ
Related party to a Shareholder	Related party to shareholder	Collections received	(7,950,817)	-	-	7,950,817
Shareholders (note 14.1.1)	IPO recoverable debts	IPO expenses	9,853,471	2,393,041	16,631,256	6,777,785
First Avenue Real Estate Development Company	Affiliate (2023G: Associate)	Collections received	(2,748,183)	(12,089,111)		
		Revenue from services rendered	-	12,646,543	3,646,749	6,394,932
Dar Almajid Holding Company	Majority shareholder	Collections received	(704,259)	704,259	-	704,259
Almajid Aloula Real Estate Company	Shareholder	Collections received	(3,438)	1,350	-	3,438
					20,278,005	21,831,231

14.1.1 This amount represents the IPO cost which is agreed to be reimbursed by the shareholders upon successful completion of listing process in the Capital Market.

14.1.2 The above balances are unsecured, interest free and have no fixed Date repayment. The management estimates the allowance on due from related party balance at the reporting date at an amount equal to lifetime ECL. No receivable balance from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

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14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

14.2 Amounts due to related parties

Related Parties	Relationship	Nature of transaction	Amount of transaction		Balance	
			2024G S	2023G S	2024G S	2023G S
Related party to a subsidiary	Partner in a subsidiary	Funding subsidiary's projects	(56,000,000)	(42,000,000)		
		Repayment	101,124,790	48,315,989		
		Balances transferred to other shareholders	-	560,471	80,547,810	125,672,600
Related party to a subsidiary	Partner in a subsidiary	Repayment	-	1,227,228		
		Balances transferred to other shareholders	-	560,471	37,849,262	37,849,262
First Foundation Real Estate Company	SPV of subsidiary	Repayment / Finance charges	(12,398,029)	12,398,029	-	12,398,029
Emmar Opportunities Real Estate	SPV of subsidiary	Finance charges	9,268,531	164,895	9,433,426	164,895
Jadwa Investment Company	Fund manager of subsidiary investment funds	Management fees (Note 24)	4,232,734	8,426,548		
		performance fees (note 24)	15,893,955	33,482,409		
		Repayment	(53,363,924)	-	3,521,536	36,758,771
Dar Almajid Real Estate Development Company	Related party to shareholder	Repayment	(4,392,249)	-	-	4,392,249
Albilad Investment Company	Custodian of subsidiary	Repayment	59,729	71,841	70,058	10,329
Related party to a subsidiary	Partner in a subsidiary	Project financing of subsidiary	23,330,859	-	23,330,859	-
Related party to a subsidiary	Partner in a subsidiary	Project financing of subsidiary	23,330,859	-	23,330,859	-
First Avenue Real Estate Development Company	Affiliate (2023G: Associate)	Expenses on behalf	(3,857,100)	3,857,100	-	3,857,100
					178,083,810	221,103,235



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14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

14.3 Key management compensation

	2024G	2023G
	ﷲ	ﷲ
Short term employees' benefits	23,241,229	6,780,000
Termination benefits	603,432	1,130,000
	23,844,661	7,910,000
Board of Directors remuneration	2,029,000	1,823,000

15. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2024G	2023G
	ﷲ	ﷲ
Cash and cash equivalents - unrestricted		
Cash at banks	81,770,399	141,235,237
Short term deposit (note 15.1)	40,000,000	27,000,000
Cash in hands	7,713	79,684
	121,778,112	168,314,921
Restricted cash		
Cash in bank (note 15.2)	31,473,210	-
Total cash and cash equivalents and restricted cash	153,251,322	168,314,921

15.1 Short-term deposits have been placed for varying periods ranging from one day to three months, based on the Group's immediate cash requirements, earning a commission at the rates applicable to the specific short-term deposits, with a yield rate of 5.5%.

15.2 Cash at banks includes restricted account balances amounting to ﷲ 31.4 million (2023G: nil), related to amounts received from customers for the sale of off-plan residential units. The Company is required to obtain approval from "Wafi", Ministry of Municipal Rural Affairs and Housing's off-plan sales and leasing Committee, before withdrawing any amounts from these two bank accounts to finance the ongoing projects.

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16. SHARE CAPITAL

The Group's authorized, issued and fully paid share capital at 31 December 2024G amounted to 300 million (31 December 2023G: 300 million), consisting of 300 million shares of 1 each at 31 December 2024G (31 December 2023G: 30 million shares of 10 each).

Name of the shareholder	No. of shares		% of		TOTAL	
	2024G	2023G	2024G	2023G	2024G	2023G
					ﷲ	ﷲ
Dar Almajid Holding Company	173,250,000	17,325,000	57.75%	57.75 %	173,250,000	173,250,000
AWJ Real Estate Development Company	22,500,000	2,250,000	7.5%	7,5 %	22,500,000	22,500,000
Modern Rufaid Investment Company	22,500,000	2,250,000	7,5 %	7,5 %	22,500,000	22,500,000
Almajid Aloula Real Estate Company	14,850,000	1,485,000	4,95 %	4,95 %	14,850,000	14,850,000
Khalid Abdulrahman Naser Almajid	11,880,000	1,188,000	3.96%	3.96%	11,880,000	11,880,000
Mohammed Abdulrahman Naser Almajid	11,880,000	1,188,000	3.96%	3.96%	11,880,000	11,880,000
Hussam Abdulrahman Nasser Al Majed	8,910,000	891,000	2.97%	2.97%	8,910,000	8,910,000
Abdussalam Abdul Rahman Nasser Al Majed	8,910,000	891,000	2.97%	2.97%	8,910,000	8,910,000
Majid Abdulrahman Naser Almajid	8,910,000	891,000	2.97%	2.97%	8,910,000	8,910,000
Naser Abdulrahman Naser Almajid	8,910,000	891,000	2.97%	2.97%	8,910,000	8,910,000
Abdulsalam Abdulrahman Naser Almajid	4,500,000	450,000	1.5%	1.5%	4,500,000	4,500,000
Nader Hassan Atallah Alomari	3,000,000	300,000	1%	1 %	3,000,000	3,000,000
	300,000,000	30,000,000	100%	100 %	300,000,000	300,000,000

17. STATUTORY RESERVE

In accordance with the new Companies' Law in the Kingdom of Saudi Arabia which became effective on 19 January 2023G, the Group is no longer required to maintain a statutory reserve. During the year 2024G, the Group amended its by-laws according to the new Companies' Law and according to the amended by-laws of the Company, there is no requirement to transfer a percentage of profits to the statutory reserve.

18. LOANS AND BORROWINGS

	Effective interest rate	Maturity Date	2024G	2023G
			ﷲ	ﷲ
Al Rajhi Bank - Murabaha	SAIBOR + 2%	2025G-2027G	256,388,264	362,140,878
Arab National Bank - Tawaruq	SAIBOR+2.4%	2027G	397,357,896	26,784,122
Banque Saudi Fransi- Tawaruq	SIBOR+1.5%	2026G	209,737,252	241,251,652
Masar Al Nomou Finance Company	5.5%	2026G	173,150,000	-
Riyad Bank - Murabaha	SAIBOR+1.5%	2025G-2029G	112,383,000	-
			1,149,016,412	630,176,652
Current			165,000,000	241,251,652
Non-current			984,016,412	388,925,000

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18. LOANS AND BORROWINGS (Continued)

	Effective interest rate	Maturity Date	2024G	2023G
			ﷲ	ﷲ
Al Rajhi Bank - Murabaha	SAIBOR + 2%	2025G-2027G	256,388,264	362,140,878
Arab National Bank - Tawaruq	SAIBOR+2.4%	2027G	397,357,896	26,784,122
Banque Saudi Fransi- Tawaruq	SIBOR+1.5%	2026G	209,737,252	241,251,652
Masar Al Nomou Finance Company	5.5%	2026G	173,150,000	-
Riyad Bank - Murabaha	SAIBOR+1.5%	2025G-2029G	112,383,000	-
			1,149,016,412	630,176,652
Current			165,000,000	241,251,652
Non-current			984,016,412	388,925,000

Set out below is the movement of Commission-bearing loans and borrowings:

	2024G	2023G
	ﷲ	ﷲ
At 1 January	630,176,652	950,579,878
Add: Proceeds	2,884,254,291	1,196,059,922
Less: Repayment	(2,365,414,531)	(1,516,463,148)
At 31 December	1,149,016,412	630,176,652

During 2022G, the Group signed an agreement to obtain a loan from Al Rajhi bank amounting to ﷲ720 million. The loan is for the purpose to finance of the acquisition of real estate lands and related development and construction. During 2022G, ﷲ145 million was withdrawn. During 2024G, the Group extended the validity of the facilities and withdrew ﷲ116 million. The terms of the loan span over a tenure of 3 years and to be repaid in one installment after 3 years. The loan carries a profit margin of SIBOR+2%. The loan is secured against the real estate guarantees of no less than 120% from the total finance.

During 2022G, the Group signed an agreement to obtain a loan from Arab National Bank. The loan is for the purpose to finance Group's investment in assets and other development projects. The term of the loan span over a period of 5 years and to be repaid in 2027G. The loan carries a margin of SAIBOR +2.4%. The loan is secured against promissory notes by ﷲ200 million.

During 2023G, the Group signed an agreement to obtain a loan from Banque Saudi Fransi. The loan is for the purpose to purchase a land in Riyadh city. The loan is repaid on one payment after 3 years. The loan carries a margin of SAIBOR +1.5%. The loan is secured against the real estate guarantees of no less than 110% from the total finance.

During April 2024G, the Group signed an agreement to obtain a loan from Masar Al Nomou Finance Company. The loan aims to finance the development of three real estate projects. The loan term extends over 24 months from the date of execution, and it is to be repaid in the year 2026G. The loan carries a profit margin of 5.5%. The loan is secured against the real estate guarantees of no less than 130% from the total finance.

During 2023G, the Group signed an agreement to obtain a loan from Riyadh Bank amounting to ﷲ500 million. The loan is for the purpose to finance of the acquisition of real estate lands and related development and construction. In 2024G, an amount of ﷲ112 million was drawn, with ﷲ25 million scheduled for repayment in 2025G. The remaining balance is to be repaid in a single installment five years after the date the company became eligible for the loan. The loan carries a margin of SAIBOR +1.5%. The loan is secured against the real estate guarantees of no less than 133% from the total finance.

The finance charges and amortization of transaction costs related to loans for the year ended 31 December 2024G, amounted to ﷲ33.8 million (2023G: ﷲ33 million), out of which ﷲ30.2 million (2023G: ﷲ19.9 million) was capitalized within inventory properties (notes 8, 25).

At 31 December 2024G, the Group had ﷲ1,146.6 million (31 December 2023G: ﷲ358 million) available undrawn loan facilities.

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19. EMPLOYEES' DEFINED BENEFITS LIABILITIES

19.1 General description of benefits

The Group operates an unfunded end of service benefits plan in accordance with the labor laws prevailing in the Kingdom of Saudi Arabia. A Provision is made for the plan benefit on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method.

	2024G ﷲ	2023G ﷲ
Net defined benefit liability	6,355,884	4,984,678

19.2 Movement in net defined benefit liability

	2024G ﷲ	2023G ﷲ
As at 1 January	4,984,678	4,244,962
Charge for the year	1,689,271	1,658,568
Benefits paid	(486,894)	(620,753)
Losses (gains) actuarial on liability	168,829	(298,099)
As at 31 December	6,355,884	4,984,678

19.3 Net benefit expenses

	2024G ﷲ	2023G ﷲ
Included in profit or loss		
Current service cost	1,506,793	1,484,392
Finance cost	182,478	174,176
	1,689,271	1,658,568

	2024G ﷲ	2023G ﷲ
Included in other comprehensive income:		
Losses (gains) remeasurement due to:		
Financial assumptions	168,829	(298,099)
	168,829	(298,099)

19.4 Principal actuarial assumptions

The significant assumptions used in determining end of service benefit liabilities for the Group's plan are shown below:

	2024G	2023G
Discount rate	5.59 %	4.69 %
Salary increase rates	8 %	5.57 %
Withdrawal rate per annum	25 %	30 %

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19. EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

19.5 Sensitivity analysis

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

	2024G	2023G
	ﷲ	ﷲ
Discount rate		
1% increase	239,425	157,199
1% decrease	251,808	267,870
Long term salary increases		
1% increase	246,535	265,267
1% decrease	238,935	158,730

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit liability as a result of reasonable changes in key assumptions occurring at the end of the reporting period. It is based on a change in a significant assumption, keeping all other assumptions constant and may not be representative of an actual change in the defined benefit liability as it is unlikely that changes in assumptions would occur in isolation of one another.

20. TRADE AND OTHER PAYABLES

	2024G	2023G
	ﷲ	ﷲ
Trade payables	182,113,620	220,289,391
Provision for onerous contracts (note 20.1)	33,896,677	35,865,231
Accrued expenses	29,416,578	54,557,800
Accrued finance expenses	15,386,465	13,096,328
Notes payable	-	20,164,348
VAT payable	739,570	13,752,271
Real estate tax payable	4,735,355	6,453,154
	266,288,265	364,178,523

- 21.1 A provision is recognized for certain contracts with contractors for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. It is anticipated that these costs will be incurred in the next financial year. The Group has decided to provide a provision based on the legal advisor's advice to pursue the legal claim of the same amount against the previous contractor due to its negligence (note 30.1).

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21. CONTRACT LIABILITIES

	2024G	2023G
	ﷲ	ﷲ
Contract liabilities – customer deposits and advances	171,676,994	352,378,998
Current portion	129,907,985	302,223,998
Non-current portion	41,769,009	50,155,000

Contract liabilities include amounts received from customers on conditional exchange of contracts relating to future maintenance obligation as part of completed inventory properties sale contract. The Group received certain non-refundable deposits for a five-year maintenance service. Total contract liabilities relating to customer deposits amounted to ﷲ 33.6 million (31 December 2023G: ﷲ 66.7 million).

Contract liabilities also include ﷲ 138.1 million (31 December 2023G: ﷲ 285.7 million) advance payments from customers in exchange of real estate development and management services performed by the Group.

22. ZAKAT PAYABLE

Charge for the year

The zakat charge consists of the current year provision amounting to ﷲ 11.7 (31 Dec 2023G: 12.7 ﷲ).

Movement in the Zakat provision:

	2024G	2023G
	ﷲ	ﷲ
As at 1 January	20,117,522	40,076,231
Charge during the year	9,754,449	12,650,245
Reversal for previous year (note 22.1)	-	(8,754,683)
Paid during the year	(13,981,042)	(23,854,271)
As at 31 December	15,890,929	20,117,522

22.1 This represents the over accrual of zakat based on the respective separate financial statements of the Group. The over accrual has been reversed as a result of Group approval by ZATCA in 2022G after the approval of the consolidated financial statements to submit the zakat return on Group consolidated basis excluding the subsidiaries that are partially owned.

Status of zakat

During 2022G, the Company has obtained approval from ZATCA to submit consolidated zakat return which included the results of the Parent Company and its wholly owned subsidiaries as mentioned in note 1. The Group has submitted consolidated Zakat returns to ZATCA for the year ended 2022G, the Zakat assessment has not been issued by ZATCA yet. Below is the status of assessments of the Company's and its wholly owned subsidiaries for which separate returns have been filed by the respective companies up to the year 2023G:



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22. ZAKAT PAYABLE(continued)

Dar Almajid Real Estate Company (Parent Company)

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2023G. The last final assessment received was in 2018 and has been settled.

Hossam and Majed Sons of Abdul Rahman Al Majed Real Estate Company

The subsidiary has submitted Zakat returns to ZATCA for all years up to the year ended 2023G. However, no zakat assessment has been raised yet.

Mohammed and Khalid Sons of Abdul Rahman Al Majid Real Estate Company

The subsidiary has submitted Zakat returns to the ZATCA for all years up to the year ended 2023G. However, no zakat assessment has been raised yet.

Fikra Estesmar For Real Estate Development Company

The subsidiary has submitted Zakat returns to ZATCA for all years up to the year ended 2023G. However, no zakat assessment has been raised yet.

AL-Raayea Real Estate Company

The subsidiary has submitted Zakat returns to ZATCA for all years up to the year ended 2023G. However, no zakat assessment has been raised yet.

Taj Al Hudo for Real Estate Development Company

The subsidiary has submitted Zakat returns to ZATCA for all years up to the year ended 2023G. However, no zakat assessment has been raised yet.

Nibras Al Amaken For Real Estate Development Company

The subsidiary has submitted Zakat returns to ZATCA for all years up to the year ended 2023G. However, no zakat assessment has been raised yet.

Below is the status of the Zakat assessments for the subsidiaries not wholly owned by the Group and which file their returns separately:

Jadet AlShatea Real Estate Company

The subsidiary has submitted its separate Zakat returns to ZATCA for all years up to the year ended 2023G. However, no zakat assessment has been raised yet.

Jadet Al Rabea Real Estate Company

The subsidiary has submitted its separate Zakat returns ZATCA for all years up to the year ended 2023G. However, no zakat assessment has been raised yet.

Burj Al Raayea Real Estate Company

Burj Al Raayea Real Estate Company was incorporated during the year 2024G and has not filed any zakat return so far.

Al Majdiah Investment Fund, Al Dar Investment Fund and Al Narjis Investment Fund

Under the current Tax law in the Kingdom of Saudi Arabia the Funds are not liable to pay any Zakat or income tax as they are considered to be the obligation of the Unit holders and as such, these are not included in the separate financial statements of the funds. Therefore, the zakat has been considered in the financial statements of the Parent Company.

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23. OPERATING INCOME AND COST

23.1 Operating income

	2024G	2023G
	ﷲ	ﷲ
Revenue from sale of property units	850,156,470	853,853,381
Revenue from sale of off-plan property units (note 12.2.3)	43,632,837	-
	893,789,307	853,853,381
Revenue from sale of lands	392,733,152	8,140,800
Real estate commission income (note 23.1.1)	53,337,945	39,099,189
Real estate development income (note 23.1.2)	34,675,317	55,506,639
Maintenance income (23.1.3)	16,548,000	14,625,333
Rental income (note 6)	11,222,959	5,307,605
Revenue from sale of investment property	-	11,290,864
	1,402,306,680	987,823,811

23.1.1 This represents the amounts charged to customers in respect of marketing services provided. The commission is charged at 2.5% of the each of the property sold for which marketing was done by the Group.

23.1.2 Real estate development income represents the construction and development services provided to customers.

23.1.3 Maintenance income represents the straight line revenue recorded against the amounts received from customers on conditional exchange of contracts relating to future maintenance obligation for five years as part of inventory properties sale contract.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated primarily by geographical market and timing of revenue recognition.

	2024G	2023G
	ﷲ	ﷲ
Timing of revenue recognition		
Services provided at a point in time	1,296,227,567	912,384,234
Service provided over time	106,079,113	75,439,577
All of these revenues were generated from projects in Saudi Arabia	1,402,306,680	987,823,811



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23. OPERATING INCOME AND COST (continued)

23.2 Operating cost

	2024G	2023G
	ﷲ	ﷲ
Cost of sale of property units (note 8)	663,055,285	684,304,648
Cost of sale of off-plan property units (including the property units) (note 8)	31,938,831	-
	694,994,116	684,304,648
Cost of sale of Land (note 8)	307,758,624	7,180,108
Operating cost – development and commission	25,849,420	48,106,847
Cost of rent	1,748,978	570,710
Maintenance cost	14,393,076	10,132,286
Depreciation expense of right-of-use asset (note 6)	458,626	457,373
Cost of sale of investment property (note 7.1)	-	11,644,157
	1,045,202,840	762,396,129

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2024G	2023G
	ﷲ	ﷲ
Salaries and other benefits	45,141,979	19,946,032
Performance fee (note 24.1, 14)	15,893,955	33,482,409
Professional fees	7,914,282	8,741,047
Management fees (note 24.2, 14)	4,232,734	8,426,548
Depreciation (note 5)	1,030,354	955,656
Rent	929,826	2,732,556
Hospitality	361,668	311,368
Governmental fees	198,026	3,509,234
Donations and gifts	156,965	2,354,831
Maintenance and repair	125,740	1,709,621
Office improvements	109,049	177,461
Improvements	15,993	22,130
Utilities	-	455,912
Other	6,709,907	9,688,840
	82,820,478	92,513,645

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24. GENERAL AND ADMINISTRATIVE EXPENSES (continued)

24.1 Performance fees represent one off fee paid to the Fund manager in consideration of managing the funds' assets if the overall completed projects of the fund generates an IRR of 12% or more in accordance with Funds' terms and conditions.

24.2 Management fees represent an annual management fee paid to the Fund manager in consideration of managing the funds' assets for a fee equal to 0.75% to 2% of the fund's invested capital in accordance with Funds' terms and conditions.

25. FINANCE COST- NET

	2024G	2023G
	ﷲ	ﷲ
Finance cost on loans and borrowings	33,719,023	30,956,790
Reversal of transaction cost	-	2,090,090
Finance income on Murabaha deposits	-	(42,507)
Bank charges	115,761	4,600
Finance cost on lease liability (note 6)	7,362	41,445
Total borrowing costs	33,842,146	33,050,418
Less: Finance and transaction cost capitalized (note 8 & 18)	(30,245,333)	(19,941,978)
Total finance costs charged to profit or loss	3,596,813	13,108,440

26. OTHER INCOME

	2024G	2023G
	ﷲ	ﷲ
Gain (loss) from valuation of financial assets at fair value through profit or loss (note 11)	10,191,337	(2,459,955)
Dividends received	9,200,000	-
Revenue from bank deposits	2,670,578	1,043,257
Profits from sale of shares	2,483,421	-
Performance fee	-	3,981,824
Other	2,001,226	1,940,567
	26,546,562	4,505,693



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27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

27.1 Financial assets

	2024G	2023G
	ﷲ	ﷲ
Financial assets at fair value		
Financial assets at fair value through profit or loss		
Real estate funds	204,859,391	30,077,193
Murabaha fund	-	44,037,976
Total Financial assets at fair value through profit or loss	204,859,391	74,115,169
Investments in equity instruments at fair value through other comprehensive income	164,504,498	-
Total financial assets at fair value	369,363,889	74,115,169
Debt instruments at amortized cost		
Trade receivables	73,762,743	65,245,303
Amounts due from related parties	20,278,005	21,831,231
Total financial assets at amortized cost*	94,040,748	87,076,534
Total current	94,040,748	87,076,534
Total non-current	369,363,889	74,115,169

* Financial assets, other than cash and short-term deposits.

27.2 Financial liabilities

	Effective interest rate (EIR)	Maturity	2024G	2023G
			ﷲ	ﷲ
Loans and borrowings	5.5% to SAIBOR + 1.5%	2025G - 2029G	1,149,016,412	630,176,652
Lease Liability	4.5 %	2024G	-	792,638
Trade and other payables		On demand	226,916,663	308,107,868
Amounts due to related parties		On demand	178,083,810	221,103,235
Total financial liabilities			1,554,016,885	1,160,180,393

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27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

27.3 FAIR VALUE

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial assets and liabilities.

	2024G ﷲ		2023G ﷲ	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Trade receivables	73,762,743	73,762,743	65,245,303	65,245,303
Amounts due from related parties	20,278,005	20,278,005	21,831,231	21,831,231
Investments in equity instruments at fair value through other comprehensive income	164,504,498	164,504,498	-	-
Real estate funds	204,859,391	204,859,391	30,077,193	30,077,193
Murabaha fund	-	-	44,037,976	44,037,976
	463,404,637	463,404,637	161,191,703	161,191,703
Financial Liabilities				
Loans and borrowings	1,149,016,412	1,149,016,412	630,176,652	630,176,652
Trade and other payables	226,916,663	226,916,663	308,107,868	308,107,868
Amounts due to related parties	178,083,810	178,083,810	221,103,235	221,103,235
Lease Liability	-	-	792,638	792,638
	1,554,016,885	1,554,016,885	1,160,180,393	1,160,180,393

- A. The fair value of unquoted instruments and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- B. The fair values of investment in private investment funds are estimated using either the net assets value (NAV) or fair value provided by the private investment funds on monthly, quarterly or annual basis.



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27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

27.4 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, accounts and other payables. 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 accounts and other receivables, financial assets held at amortized cost, financial assets held at FVTPL and cash that derive directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

27.4.1 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 and financial assets measured at FVTPL. The sensitivity analyses in the following sections relate to the financial positions as at 31 December 2024G and 31 December 2023G.

27.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relate primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

		2024G ﷲ	2023G ﷲ
Increase in basis points of interest rates	+10	(1,149,017)	(630,177)
Decrease in basis points of interest rates	-10	1,149,017	630,177

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly lower volatility than in prior periods.

27.4.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The Group's exposure to foreign currency changes for all currencies is not material.

27.4.4 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 investment securities. 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. For unquoted equity instruments and investments in discretionary portfolios, the maximum risk is equal to the carrying amount of those investments.

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27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

27.4 Financial instruments risk management objectives and policies(continued)

27.4.5 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 accounts receivables) and from its financing activities, including deposits with banks and financial institutions, Murabaha and other receivables, foreign exchange transactions and other financial instruments. The Group is exposed to credit risk on its bank balances and trade receivables as follows:

	2024G ﷲ	2023G ﷲ
Cash at bank	81,770,399	141,235,237
Cash at banks restricted	31,473,210	-
Short term deposits	40,000,000	27,000,000
Cash margin against bank guarantees	11,140,243	4,875,281
Trade Receivables	73,762,743	65,245,303
Amounts due from related parties	20,278,005	21,831,231
	258,424,600	260,187,052

The carrying amount of financial assets represent the maximum credit exposure. Credit risk on receivables and bank balances is limited as:

- Cash balances are held with banks with high credit ratings.
- The receivables are shown net of allowance for expected credit loss.
- Financial position of related parties is stable.

Impairment losses on financial assets recognized in the consolidated statement of profit or loss were as follows:

	2024G ﷲ	2023G ﷲ
Provision (Reversal of) expected credit loss on trade receivables	3,121,205	(1,573,285)
Reversal of expected credit loss on related parties	(3,933,558)	-
	(812,353)	(1,573,285)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group limits its exposure to credit risk from accounts receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively. In respect of loans provided by Group to related parties and other companies, the Group believes that the related parties and other companies have a strong financial position, and the loans will be fully recovered within stated timelines.

None of the Group's customers' balances have been written off at the reporting date. In monitoring customer credit risk, customers are categorized according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, past history with the Group and existence of previous financial difficulties.

The Group's accounts receivable is from counterparties in the Kingdom of Saudi Arabia. The Group's exposure to credit risk in accounts receivable as per geographic basis is as follows:

	2024G ﷲ	2023G ﷲ
Saudi Arabia	73,762,743	65,245,303



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27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

27.4 Financial instruments risk management objectives and policies (continued)

27.4.5 Credit risk (continued)

Expected credit loss assessment for accounts and other receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses, using a lifetime expected loss allowance for all accounts and other receivables.

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before 31 December 2024G and 31 December 2023G respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries in which it conducts transactions to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2024G and 31 December 2023G was determined as follows for accounts and other receivables.

2024G	Expected credit Loss rate	Gross carrying amount at default	Provision for expected credit losses
		ﷲ	ﷲ
0-90 days past due	0 %	22,500,416	-
90-180 days past due	4 %	33,311,271	(1,445,673)
180-270 days past due	10 %	11,359,296	(1,174,242)
270-360 days past due	0 %	-	-
More than 360 days past due	48 %	13,626,277	(4,414,602)
		80,797,260	(7,034,517)

2023G	Expected Credit loss rate	Gross carrying amount at default	Provision for expected credit losses
		ﷲ	ﷲ
0-90 days past due	0%	47,020,067	-
90-180 days past due	0%	-	-
180-270 days past due	0%	-	-
270-360 days past due	0%	-	-
More than 360 days past due	18 %	22,138,548	(3,913,312)
		69,158,615	(3,913,312)

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27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

27.4 Financial instruments risk management objectives and policies (continued)

27.4.5 Credit risk (continued)

Impairment losses on accounts and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The ageing for the contract assets for the year ended 31 December, was as follows:

	Total carrying amount	
	2024G	2023G
	ﷲ	ﷲ
0-90 days past due	74,922,889	47,066,167
90-180 days past due	13,684,414	12,739,403
180-270 days past due	-	-
270-360 days past due	-	-
More than 360 days past due	-	-
	88,607,303	59,805,570

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.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.



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27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

27.4 Financial instruments risk management objectives and policies(continued)

27.4.6 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

31 December 2024G:	Less than 3 months	3 to 12 months	1-5 years	More than 5 years	Total
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
Loans and borrowings	-	165,000,000	984,016,412	-	1,149,016,412
Trade and other payables	226,916,663	-	-	-	226,916,663
Amounts due to related parties	-	178,083,810	-	-	178,083,810
	226,916,663	343,083,810	984,016,412	-	1,554,016,885

31 December 2023G:	Less than 3 months	3 to 12 months	1-5 years	More than 5 years	Total
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
Loans and borrowings	-	241,251,652	388,925,000	-	630,176,652
Trade and other payables	308,107,868	-	-	-	308,107,868
Lease Liability	800,000	-	-	-	800,000
Amounts due to related parties	-	221,103,235	-	-	221,103,235
	308,907,868	462,354,887	388,925,000	-	1,160,187,755

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27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

27.4 Financial instruments risk management objectives and policies(continued)

27.4.7 Capital management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the shareholders of the Parent Company. The primary objective of the Group's capital management is to maximize 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, wherever applicable for the Group entities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using multiple leverage ratios including gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, long term borrowings, trade payables and accrued expense, due to shareholders less cash and cash equivalents, excluding discontinued operations.

	2024G س.م	2023G س.م
Loans and borrowings	1,149,016,412	630,176,652
Amounts due to related parties	178,083,810	221,103,235
Trade and other payables	263,589,741	364,178,523
Less: Cash and cash equivalents - restricted	(153,251,322)	(168,314,921)
Net debt	1,437,438,641	1,047,143,489
Equity	910,715,260	731,573,320
Equity and net debt	2,348,153,901	1,778,716,809
Gearing ratio	61%	59%



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28. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets:

	Level 1 ﷲ	Level 2 ﷲ	Level 3 ﷲ	Total ﷲ
31 December 2024G				
Investment property				
Lands	-	6,214,360	-	6,214,360
Building	-	155,438,432	-	155,438,432
Investment at fair value through other comprehensive income				
Equity instruments	-	-	164,504,498	164,504,498
Financial assets at fair value through profit or loss				
Real estate funds	-	-	204,859,391	204,859,391
Total	-	161,652,792	369,363,889	531,016,681
	Level 1 ﷲ	Level 2 ﷲ	Level 3 ﷲ	Total ﷲ
31 December 2023G				
Investment property				
Lands	-	25,029,719	-	25,029,719
Building	-	139,908,936	-	139,908,936
Financial assets at fair value through profit or loss				
Real estate funds	-	-	30,077,193	30,077,193
Murabaha fund	-	-	44,037,976	44,037,976
Total	-	164,938,655	74,115,169	239,053,824

The fair values of other financial instruments are not significantly different from the carrying values included in the consolidated financial statements.

29. DIVIDENDS DISTRIBUTION

On 27 Thul-Qi'dah 1445H (corresponding to 4 June 2024G), the Board of Directors recommended distributing dividends at an amount of ﷲ 44,214,265 to the partners for the fiscal year ended 31 December 2023G, which was approved by the partners at the Extraordinary General Assembly meeting held on 27 Dhu al-Qi'dah 1445H (corresponding to 4 June 2024G). The dividend distribution date is 7 Thul-Hijjah 1445H (corresponding to 13 June 2024G).

On 4 Rabi' al-Thani 1446H (corresponding to 7 October 2024G), the Board of Directors recommended distributing dividends at an amount of ﷲ 50,000,000 to the partners for the first half of 2024G, which was approved by the partners at the Extraordinary General Assembly meeting held on 4 Rabi' al-Thani 1446H (corresponding to 7 October 2024G). The dividend distribution date is 5 Rabi' al-Thani 1446H (corresponding to 8 October 2024G).

Dividends were distributed to non-controlling interests for a total amount of ﷲ 111,984,823 during the year ended 31 December 2024G (31 December 2023G: ﷲ 91,817,374) (Note 31.2).

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30. CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

- A. The Group has provided letters of guarantee, i.e. financial guarantees, bid bonds and performance guarantees through its local banks for its own business activities and on behalf of certain subsidiaries, limited to **ﷲ 256 million** as at 31 December 2024G (31 December 2023G: **ﷲ 362 million**).
- B. During 2023G, the Group has made a provision amounting to **ﷲ 30 million** in respect of the additional cost expected to arise in future as a result of appointing a new contractor to reperform the development of one project to meet the Group standards. Group management has decided to pursue a legal case against the previous contractor for the same amount on account their negligence. (note 20.1)

30.2 Capital commitments

At 31 December 2024G, the Group has future capital commitments amounting to **ﷲ 1,100 million** (31 December 2023G: **ﷲ 550 million**) in respect of inventory property under development.

31. MATERIAL PARTIALLY OWNED SUBSIDIARIES

31.1 Accumulated balances of non-controlling interests

	2024G ﷲ	2023G ﷲ
Al Dar Investment Fund	463,841	18,667,007
Jadet Al Rabea Real Estate Company	35,869,386	(1,097,965)
Jadet Al-Shatea Real Estate Company	2,645,889	2,716,404
Al Narjis Investment Fund	(2,582,976)	45,332,362
Burj Al Raayea Real Estate Company	(4,278)	-
	36,391,862	65,617,808

31.2 Movement in non-controlling interests

	2024G ﷲ	2023G ﷲ
At 1 January	65,617,808	137,848,195
Share in profits	82,758,877	19,586,987
Dividends (note 29)	(111,984,823)	(91,817,374)
At 31 December	36,391,862	65,617,808



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024G

31. MATERIAL PARTIALLY OWNED SUBSIDIARIES (continued)

31.3 Total comprehensive income allocated to material non-controlling interests

	2024G ﷲ	2023G ﷲ
Al Narjis Investment Fund	39,873,598	(2,039,720)
Jadet Al Rabea Real Estate Company	36,967,352	(334,942)
Al Dar Investment Fund	5,992,970	21,948,612
Jadet Al-Shatea Real Estate Company	(70,515)	13,037
Burj Al Raayea Real Estate Company	(4,528)	-
	82,758,877	19,586,987

31.4 Summarized financial information

The summarized financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of profit or loss for the year ended 31 December 2024G

	Al Dar Investment Fund ﷲ	Jadet AL- Rabea ﷲ	Jadet AL- Shatea ﷲ	Al Narjis Investment Fund ﷲ	Burj Al Raayea ﷲ
Revenue	80,109,786	381,266,733	-	497,702,877	-
Gain from sales of a financial asset at fair value through profit or loss / other income	859,714	-	-	-	-
Operating costs	(59,538,549)	(327,433,175)	-	(350,075,916)	-
General and administrative expenses	(1,523,436)	(346,380)	(999)	(38,301,398)	(9,056)
Profit (Loss) before zakat	19,907,515	53,487,178	(999)	109,325,563	(9,056)
Zakat	-	(4,197,376)	(234,051)	-	-
Profit / (loss) for the year	19,907,515	49,289,802	(235,050)	109,325,563	(9,056)
Attributable to non-controlling interests	5,992,970	36,967,352	(70,515)	39,873,598	(4,528)

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024G

31. MATERIAL PARTIALLY OWNED SUBSIDIARIES (continued)

31.4 Summarized financial information (continued)

Summarized statement of profit or loss for the year ended 31 December 2023G

	Al Dar Investment Fund Investment ﷲ	Jadet AL-Rabea ﷲ	Jadet AL-Shatea ﷲ	Al Narjis Investment Fund ﷲ
Revenue	726,960,971	-	-	-
Gain from sales of a financial asset at fair value through profit or loss / other income	319,268	343,378	344,931	-
Operating costs	(584,092,248)	-	-	-
General and administrative expenses	(70,278,842)	(789,967)	(55,321)	(5,592,511)
Profit (Loss) before zakat	72,909,149	(446,589)	289,610	(5,592,511)
Zakat	-	-	(246,152)	-
Profit (loss) for the year	72,909,149	(446,589)	43,458	(5,592,511)
Attributable to non-controlling interest	21,948,612	(334,942)	13,037	(2,039,720)

Summarized statement of financial position as at 31 December 2024G

	Al Dar Invest- ment Fund ﷲ	Jadet AL-Rabea ﷲ	Jadet AL- Shatea ﷲ	Al Narjis Investment Fund ﷲ	Burj Al Raayea ﷲ
Property under development	-	33,590,529	-	39,875,020	-
Inventory properties	-	-	-	-	47,948,700
Amounts due from related parties	-	120,254,732	8,836,248	-	250
Investments at fair value through profit or loss	-	-	-	-	-
Trade and other receivables	1,232,019	8,909,155	61,792	6,857,343	-
Cash and cash equivalents	1,052,140	9,477,683	179,533	23,720,121	-
Long-term loans	-	-	-	(1,251,652)	-
Accounts payable, accruals and other payables	(175,000)	(1,841,803)	(22,500)	(74,014,134)	-
Amounts due to related parties	(568,367)	(118,367,072)	-	(2,268,711)	(47,957,506)
Zakat provision	-	(4,197,376)	(235,444)	-	-
Total equity	1,540,792	47,825,848	8,819,629	(7,082,013)	(8,556)
Attributable to:					
Shareholders of the Parent Company	1,076,951	11,956,462	6,173,740	(4,499,037)	(4,278)
Non-controlling interests	463,841	35,869,386	2,645,889	(2,582,976)	(4,278)



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024G

31. MATERIAL PARTIALLY OWNED SUBSIDIARIES (continued)

31.4 Summarized financial information (continued)

Summarized statement of financial position as of 31 December 2023G:

	Al Dar Investment Fund ﷲ	Jadet AL-Rabea ﷲ	Jadet AL- Shatea ﷲ	Al Narjis Investment Fund ﷲ
Property under development	51,197,451	300,655,087	-	382,745,104
Amounts due from related parties	-	14,559,374	9,373,625	-
Investments at fair value through profit or loss	44,037,976	-	-	-
Trade and other receivables	17,114,651	22,038,950	54,367	4,247,406
Cash and cash equivalents	43,737,418	28,759,857	99,971	3,218,195
Long-term loans	-	-	-	(241,251,652)
Accounts payable, accruals and other payables	(26,613,043)	(203,985,359)	(63,374)	(329,575)
Amounts due to related parties	(67,466,176)	(163,491,863)	-	(24,337,054)
Zakat provision	-	-	(409,910)	-
Total equity	62,008,277	(1,463,954)	9,054,679	124,292,424
Attributable to:				
Shareholders of the Parent Company	43,341,270	(365,989)	6,338,275	78,960,062
Non-controlling interests	18,667,007	(1,097,965)	2,716,404	45,332,362

Summarized cash flow information for the year ended 31 December 2024G

	Al Dar Investment Fund ﷲ	Jadet AL-Rabea ﷲ	Jadet AL- Shatea ﷲ	Al Narjis Investment Fund ﷲ	Burj Al Raayea ﷲ
Operating	(7,207,968)	(19,282,174)	79,562	119,750,580	(500)
Investment	44,897,690	-	-	381,451,346	-
Financing	(80,375,000)	-	-	(480,700,000)	-

Summarized cash flow information for the year ended 31 December 2023G

	Al Dar Investment Fund ﷲ	Jadet AL-Rabea ﷲ	Jadet AL- Shatea ﷲ	Al Narjis Invest- ment Fund ﷲ
Operating	46,342,766	28,495,162	(79,741)	(35,679,848)
Investment	475,904,188	-	-	-
Financing	(550,828,569)	-	-	15,000,000

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2024G

32. EARNINGS PER SHARE

Basic earnings per share are calculated based on the dividend distributed to the shareholders of the Parent Company and the weighted average number of ordinary shares as at 31 December 2024G: 300 million shares (2023G: 300 million shares).

32.1 Profit attributable to ordinary shareholders (Basic)

	2024G ﷲ	2023G ﷲ
Profit attributable to the Company's shareholders	211,584,013	147,380,874
Weighted average number of shares outstanding during the year	300,000,000	300,000,000
Earnings per share attributable to Company's shareholders	0.71	0.49

33. SUBSEQUENT EVENTS

34.1 A disclosure has been made for certain subsequent events and disclosed to its relevant notes. The management believes there have been no any other significant subsequent events since the year ended 31 December 2024G that would have material impact on the consolidated statement of financial position of the Group.

34. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on 24 Ramadhan 1446H (corresponding to 24 March 2025G) by the board of directors of the Group.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2024G (UNAUDITED)



Ernst & Young Professional Services (Professional LLC)
Paid-Up Capital (SR 5,500,000 - Five Million Five Hundred Thousand Saudi Riyal)
 Head Office
 Al Faisaliah Office Tower, 14th Floor
 King Fahad Road
 P.O. Box 2732
 Riyadh 11461
 Kingdom of Saudi Arabia

C.R. No. 1010383821
 Tel: +966 11 215 9898
 +966 11 273 4740
 Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DAR AL MAJID REAL ESTATE COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Dar Al Majid Real Estate Company - Saudi closed joint-stock company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are 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.

for Ernst & Young Professional Services


 Fahad M. Al-Toaimi
 Certified Public Accountant
 License No. (354)



Riyadh: 5 Jumada Al-Ula 1446H
 7 November 2024



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2024G

ASSETS	Note	30 September 2024G SR (Unaudited)	31 December 2023G SR (Audited)
NON-CURRENT ASSETS			
Property and equipment	4	24,188,263	24,791,171
Investment properties	5	161,036,644	164,938,655
Inventory properties under development	6	1,251,852,592	905,003,482
Investment in an associate	7	80,041,062	120,847,554
Financial assets at fair value through profit or loss		92,136,573	74,115,169
Right-of-use assets		-	458,626
TOTAL NON-CURRENT ASSETS		1,609,255,134	1,290,154,657
CURRENT ASSETS			
Inventory properties	6	542,759,426	589,582,975
Contract assets		54,141,760	59,805,570
Trade receivables		127,235,416	65,245,303
Prepayments and other current assets		143,493,181	130,370,909
Amounts due from related parties	8	17,372,734	21,831,231
Cash and cash equivalents		270,684,309	168,314,921
TOTAL CURRENT ASSETS		1,155,686,826	1,035,150,909
TOTAL ASSETS		2,764,941,960	2,325,305,566
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	300,000,000	300,000,000
Statutory reserve		44,598,701	44,598,701
Retained earnings		465,347,689	321,356,811
Equity attributable to equity holders of the parent company		809,946,390	665,955,512
Non-controlling interests		(4,686,451)	65,617,808
TOTAL EQUITY		805,259,939	731,573,320
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	10	898,957,113	388,925,000
Employee defined benefit liabilities		4,590,464	4,984,678
Contract liabilities		37,743,999	50,155,000
TOTAL NON-CURRENT LIABILITIES		941,291,576	444,064,678
CURRENT LIABILITIES			
Trade and other payables		295,570,834	364,178,523
Contract liabilities		364,764,947	302,223,998
Amounts due to related parties	8	184,827,148	221,103,235
Loans and borrowings	10	165,000,000	241,251,652
Lease Liability		-	792,638
Zakat provision	11	8,227,516	20,117,522
TOTAL CURRENT LIABILITIES		1,018,390,445	1,149,667,568
TOTAL LIABILITIES		1,959,682,021	1,593,732,246
TOTAL EQUITY AND LIABILITIES		2,764,941,960	2,325,305,566

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2024G

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR
Revenues from sale of completed inventory properties	12.1	164,211,857	208,636,578	789,757,528	600,855,906
Revenues from sale of land	12.1	129,086,444	5,299,200	129,086,444	8,140,800
Cost of sales – inventory properties	12.2	(128,370,506)	(156,846,400)	(623,063,830)	(464,000,918)
Cost of sales of land	12.2	(102,213,639)	(4,784,739)	(102,213,639)	(7,177,108)
PROFIT ON INVENTORY PROPERTIES		62,714,156	52,304,639	193,566,503	137,818,680
Real estate commission income	12.1	20,125,611	19,984,554	46,017,480	25,082,428
Real estate development income	12.1	3,878,497	6,320,558	22,147,007	22,747,961
Operating cost – development and commission	12.2	(9,957,951)	(2,483,900)	(17,048,629)	(8,992,930)
PROFIT ON REAL ESTATE DEVELOPMENT AND COMMISSION		14,046,157	23,821,212	51,115,858	38,837,459
(Loss) / profit from valuation of investment properties		(540,000)	21,400,715	(745,753)	21,400,715
(Loss) / profit from valuation of investment properties		(540,000)	21,400,715	(745,753)	21,400,715
Rental income	12.1	3,241,192	814,112	7,873,812	2,406,537
Right-of-use asset depreciation	12.2	(266,904)	(113,404)	(458,626)	(340,211)
Cost of rent		(450,489)	-	(798,485)	-
NET RENTAL INCOME		2,523,799	700,708	6,616,701	2,066,326
Maintenance income	12.1	4,137,000	4,137,000	12,411,000	10,488,333
Maintenance cost	12.2	(3,060,311)	(5,367,268)	(9,798,601)	(8,255,267)
NET MAINTENANCE INCOME/(LOSS)		1,076,689	(1,230,268)	2,612,399	2,233,066
GROSS PROFIT		79,820,801	96,997,006	253,165,708	202,356,246
General and administrative expenses		(22,253,290)	(10,359,901)	(51,179,829)	(46,183,083)
Selling and marketing expenses		(600,924)	(2,605,855)	(5,501,412)	(5,325,963)
OPERATING PROFIT		56,966,587	84,031,250	196,484,467	150,847,200
Finance costs		(856,959)	(2,422,784)	(2,074,766)	(11,486,690)
Share of results of an associate	7	(2,220,944)	2,495,656	3,627,310	6,968,458
Profit from sale of shares in associate	7	12,299,199	-	12,299,199	-
Other income		8,847,991	726,622	15,039,981	6,251,102
PROFIT FOR THE PERIOD BEFORE ZAKAT		75,035,874	84,830,744	225,376,191	152,580,070
Reversal of Zakat (Zakat)	11	1,374,535	(7,525,290)	(2,091,032)	(22,149,628)
PROFIT FOR THE PERIOD		76,410,409	77,305,454	223,285,159	130,430,442
Attributable to:					
Equity holders of the parent		78,911,430	64,490,203	181,501,610	96,468,984
Non-controlling interests		(2,501,021)	12,815,251	41,783,549	33,961,458
		76,410,409	77,305,454	223,285,159	130,430,442
EARNINGS PER SHARE:					
Basic and diluted earnings per share for the period	14	2.60	2.15	6.10	3.22

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2024G

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR
PROFIT FOR THE PERIOD		76,410,409	77,305,454	223,285,159	130,430,442
OTHER COMPREHENSIVE INCOME					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of an associate	7	(211,498)	(48,967)	6,703,533	1,642,997
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(211,498)	(48,967)	6,703,533	1,642,997
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		76,198,911	77,256,487	229,988,692	132,073,439
Attributable to:					
Equity holders of the parent		78,699,932	64,441,236	188,205,143	98,111,981
Non-controlling interests		(2,501,021)	12,815,251	41,783,549	33,961,458
		76,198,911	77,256,487	229,988,692	132,073,439

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

	Share capital SR	Statutory reserve SR	Retained earnings SR	Total equity attributable to equity holders of the parent company SR	Non-Con- trolling interests SR	Total equity SR
As at 31 December 2022G (Audited)	300,000,000	44,598,701	171,368,122	515,966,823	137,848,195	653,815,018
Profit for the period	-	-	96,468,984	96,468,984	33,961,458	130,430,442
Other comprehensive income	-	-	1,642,997	1,642,997	-	1,642,997
Total other comprehensive income for the period	-	-	98,111,981	98,111,981	33,961,458	132,073,439
Dividends (Note 17)	-	-	-	-	(48,166,491)	(48,166,491)
As at 30 September 2023G (Unaudited)	300,000,000	44,598,701	269,480,103	614,078,804	123,643,162	737,721,966
As at 31 December 2023G (Audited)	300,000,000	44,598,701	321,356,811	665,955,512	65,617,808	731,573,320
Profit for the period	-	-	181,501,610	181,501,610	41,783,549	223,285,159
Other comprehensive income	-	-	6,703,533	6,703,533	-	6,703,533
Total other comprehensive income for the period	-	-	188,205,143	188,205,143	41,783,549	229,988,692
Dividends (Note 17)	-	-	(44,214,265)	(44,214,265)	(112,087,808)	(156,302,073)
As at 30 September 2024G (Unaudited)	300,000,000	44,598,701	465,347,689	809,946,390	(4,686,451)	805,259,939

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

	Note	For the nine-month period ended 30 September 2024G SR (Unaudited)	For the nine-month period ended 30 September 2023G SR (Unaudited)
OPERATING ACTIVITIES			
Profit for the period before Zakat		225,376,191	152,580,070
Adjustments to reconcile profit before Zakat to net cash flows:			
Depreciation on property and equipment	4	773,347	902,265
Right-of-use asset depreciation		458,626	190,468
Loss on disposal of property and equipment		-	26,814
Gains from valuation of financial assets at fair value through profit or loss		(3,679,128)	(1,762,058)
Losses / (gains) from valuation of investment properties	5	745,753	(21,400,715)
Share of the results of an associate	7	(3,627,310)	(6,968,458)
Profit from disposal of share in associate	7	(12,299,199)	-
Provision for net employee defined benefit liabilities		764,483	-
Finance cost		2,074,766	11,486,690
		210,587,529	135,055,076
Working capital changes:			
Inventory properties under development – non-current		(324,344,941)	894,425,474
Inventory properties		64,823,549	(696,455,755)
Contract assets		5,663,810	(164,408,045)
Trade receivables		(61,990,113)	(63,589,816)
Prepayments and other current assets		(13,122,272)	8,497,195
Amounts due from related parties		4,458,497	(5,887,442)
Trade and other payables		(68,607,689)	62,012,209
Contract liabilities		50,129,948	119,424,994
		(132,401,682)	289,073,890
Employee defined benefit liabilities paid		(1,158,697)	(388,882)
Finance cost paid		(24,578,935)	(31,428,668)
Zakat paid	11	(13,981,038)	(16,498,085)
Net cash flows (used in) / from operating activities		(172,120,352)	240,758,255

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

	Note	For the nine-month period ended 30 September 2024G SR (Unaudited)	For the nine-month period ended 30 September 2023G SR (Unaudited)
INVESTING ACTIVITIES			
Additions to property and equipment	4	(170,439)	(1,080,128)
Proceeds from sale of property and equipment		-	7,999
Addition to investment properties	5	(14,843,742)	(3,363,893)
Purchase of financial assets at FVTPL		(14,342,276)	-
Divided from associates		3,206,202	1,603,167
Proceeds from sale of a share in associate		60,230,332	-
Net cash flows from / (used in) investing activities		34,080,077	(2,832,855)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	10	1,383,188,760	986,110,158
Repayments of loans and borrowings	10	(949,408,299)	(1,243,844,508)
Amounts due to related parties		(36,276,087)	28,468,967
Payment of lease liabilities		(792,638)	(800,000)
Dividends paid		(156,302,073)	(48,166,491)
Net cash flows from / (used in) financing activities		240,409,663	(278,231,874)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		102,369,388	(40,306,474)
Cash and cash equivalents at the beginning of the period		168,314,921	237,225,580
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		270,684,309	196,919,106
SIGNIFICANT NON-CASH TRANSACTIONS:			
Inventory properties transferred from investment properties	5, 6	18,000,000	76,176,895
Capitalized finance costs	6	22,504,169	19,941,978

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

1. CORPORATE INFORMATION

Dar Al Majid Real Estate Company is established as a Saudi Closed Joint Stock Company (the "Company" or the "Parent Company") under the Companies Law in the kingdom of Saudi Arabia under commercial register No. 1010417874 issued on 20 Sha'ban 1435H (corresponding to 8 June 2014).

The Company and its subsidiaries are engaged in the general construction of residential buildings, construction of prefabricated buildings on sites, renovations of residential and non-residential buildings, purchase and sale of land and real estate, division and off-plan sales activities, management and rent of owned or leased real estate (residential and non-residential), management and operation of hotel apartments and real estate management activities for a commission.

A. Consolidated subsidiaries

These interim condensed consolidated financial statements include the financial statements of the Company and the following subsidiaries (collectively the "Group"):

Name	Country of incorporation	% of shareholding	
		30 September 2024G	31 December 2023G
Mohammed and Khalid sons of Abdul Rahman Al Majid Real Estate Company	Kingdom of Saudi Arabia	100%	100%
Hossam and Majed sons of Abdul Rahman Al Majed Real Estate Company	Kingdom of Saudi Arabia	100%	100%
Fikra Estesmar for Real Estate Development Company	Kingdom of Saudi Arabia	100%	100%
Nibras Al Amaken for Real Estate Development Company	Kingdom of Saudi Arabia	100%	100%
Taj Al Hudo for Real Estate Development Company	Kingdom of Saudi Arabia	100%	100%
Al Raayea Real Estate Company	Kingdom of Saudi Arabia	100%	100%
Jadet Al Shatea Real Estate Company	Kingdom of Saudi Arabia	70%	70%
Jadet Al Rabea Real Estate Company*	Kingdom of Saudi Arabia	25%	25%
Al Majdiah Investment Fund	Kingdom of Saudi Arabia	100%	100%
Al Dar Investment Fund**	Kingdom of Saudi Arabia	70%	70%
Al Narjis Investment Fund	Kingdom of Saudi Arabia	64%	64%
Burj Al Raayea Real Estate Company***	Kingdom of Saudi Arabia	50%	-

* Dar Al Majid Real Estate Company owns 25% interest in Jadet Al Rabea Real Estate Company. The remaining shares are in name of another individual shareholder. The Group manage and control all the operations, financials and strategy of the company; therefore, it has been consolidated in these interim condensed consolidated financial statements.

** During 2023G, the Board of Directors issued a resolution to exercise the option for the one-year extension, there by extending the Fund's term until 9 December 2024G. Subsequent to period end, the Board of Directors has decided not to extend the Fund's liquidation period and started the legal formalities in respect of the same. Therefore, the separate interim condensed financial statements of the Fund are prepared on basis other than going concern. The Group considers the impact of not consolidating this Fund to be immaterial.

*** During the three-month period ending 30 September 2024G, Al Raayea Real Estate Company owned 50% interest in Burj Al Raayea Real Estate Company, a limited liability company under the Companies Law in the Kingdom of Saudi Arabia under CR No. 1009072138 issued on 11 Muharram 1446H (corresponding to 17 July 2024G).

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

2. BASIS OF PREPARATION

A. Statement of compliance

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

The material accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2023G, except for the new standards and amendments effective from 1 January 2024G as disclosed in note 3.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023G. In addition, results for the three and nine-month periods ended 30 September 2024G are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2024G.

B. Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost basis using the accrual basis of accounting, except for investment properties and financial assets held at fair value through profit or loss that have been measured at fair value, and end of service benefits that have been measured at Projected Unit Credit Method.

C. Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which represents the Group's functional and presentation currency. These interim condensed consolidated financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

D. Critical accounting estimates and judgments

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's last annual consolidated financial statements for the year ended 31 December 2023G.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

A. New standards and amendments adopted by the Group

Several amendments apply for the first time in 2024G, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023G, the International Accounting Standards Board ("IASB") issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Therefore, these amendments had no impact on the interim condensed consolidated financial statements of the Group.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (CONTINUED)

A. New standards and amendments adopted by the Group (continued)

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022G, the IASB, issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020G and October 2022G, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

B. Standards, amendments and interpretations issues but not yet effective

The IASB has issued the following standards and amendments which will become effective on or after 1 January 2025G. The Group has opted not to early adopt these pronouncements, and they do not have a significant impact on the interim condensed consolidated financial statements of the Group.

Amendments to IAS 21- Lack of exchangeability

The IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025G. The amendments are not expected to have a material impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (CONTINUED)

B. Standards, amendments and interpretations issues but not yet effective (continued)

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)

The amendments are deferred indefinitely. The amendments are not expected to have a material impact on the interim condensed consolidated financial statements of the Group.

IFRS 18 - Presentation and Disclosure in Financial Statements

This standard set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure the entity provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

The amendments are effective for annual reporting periods beginning on or after 1 January 2027G. The amendments are not expected to have a material impact on the interim condensed consolidated financial statements of the Group.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

4. PROPERTY AND EQUIPMENT

30 September 2024G (Unaudited)	Lands (Note 4-1) SR	Buildings SR	Leasehold improvements SR	Motor vehicles SR	Furniture and office equipment SR	Computers, programs, and electronic devices SR	Total SR
Cost							
At the beginning of the period	18,411,250	3,588,750	1,655,875	921,963	1,089,457	1,924,857	27,592,152
Additions	-	-	70,000	-	-	100,439	170,439
At the end of the period	18,411,250	3,588,750	1,725,875	921,963	1,089,457	2,025,296	27,762,591
Accumulated depreciation							
At the beginning of the period	-	451,691	226,169	522,469	705,603	895,049	2,800,981
Charge for the period	-	134,578	124,191	85,653	83,100	345,825	773,347
At the end of the period	-	586,269	350,360	608,122	788,703	1,240,874	3,574,328
Net book value							
As at 30 September 2024G (Unaudited)	18,411,250	3,002,481	1,375,515	313,841	300,754	784,422	24,188,263

31 December 2023G (Audited)	Lands (Note 4-1) SR	Buildings SR	Leasehold improvements SR	Motor vehicles SR	Furniture and office equipment SR	Computers, programs, and electronic devices SR	Total SR
Cost							
At the beginning of the year	18,411,250	3,588,750	792,630	781,388	984,004	1,686,929	26,244,951
Additions	-	-	863,245	185,200	105,453	237,928	1,391,826
Disposal	-	-	-	(44,625)	-	-	(44,625)
At the end of the year	18,411,250	3,588,750	1,655,875	921,963	1,089,457	1,924,857	27,592,152
Accumulated depreciation							
At the beginning of the year	-	272,254	100,263	431,792	607,221	443,605	1,855,135
Charge for the year	-	179,437	125,906	100,487	98,382	451,444	955,656
Disposal	-	-	-	(9,810)	-	-	(9,810)
At the end of the year	-	451,691	226,169	522,469	705,603	895,049	2,800,981
Net book value							
As at 31 December 2023G (Audited)	18,411,250	3,137,059	1,429,706	399,494	383,854	1,029,808	24,791,171

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

4. PROPERTY AND EQUIPMENT (CONTINUED)

4.1 Dar Al Majid Real Estate Company (the Parent Company) purchased land in Al Qirawan district from two shareholders, the ownership was not transferred to Dar Al Majid Real Estate Company due to the suspension issued by the Saudi Authorities on the purchased land. The two shareholders confirmed that the land is owned by Dar Al Majid Real Estate Company.

5. INVESTMENT PROPERTIES

	30 September 2024G SR (Unaudited)	31 December 2023G SR (Audited)
Lands	5,935,452	25,029,719
Buildings	155,101,192	139,908,936
	161,036,644	164,938,655

5.1 Movement in investment properties

30 September 2024G (Unaudited)	Lands SR	Buildings SR	Total SR
At 1 January 2024G	25,029,719	139,908,936	164,938,655
Additions	-	14,843,742	14,843,742
Transferred to inventory properties (note 6)	(18,000,000)	-	(18,000,000)
Remeasurement adjustment	(1,094,267)	348,514	(745,753)
At 30 September 2024G	5,935,452	155,101,192	161,036,644

31 December 2023G (Audited)	Lands SR	Buildings SR	Total SR
At 1 January 2023G	79,532,866	-	79,532,866
Capital expenditures on owned property	733,636	7,127,206	7,860,842
Transferred to related parties	(71,220,980)	-	(71,220,980)
Disposals (recognized in cost of sales)	(11,644,157)	-	(11,644,157)
Remeasurement adjustment	8,164,930	44,115,480	52,280,410
Transferred from inventory properties (note 6)	19,463,424	88,666,250	108,129,674
At 31 December 2023G	25,029,719	139,908,936	164,938,655

Based on the management's assessment and considering the changes in the market for the period ended 30 September 2024G, the fair values of investment properties as at 30 September 2024G are not significantly different from that at 31 December 2023G. The fair value of land and building in Qassim and Al Yasmin District in the Kingdom of Saudi Arabia is valued using the market comparable approach and income capitalization method. Under market comparable approach, a property's fair value is estimated based on the market comparison between the property being valued and similar ones located in the same area and newly sold, and the value index of the property being value is derived from applying appropriate comparison units and making adjustments to the sale prices of similar properties based on comparative elements.

The valuations were performed by OPM by Olat Real Estate, an independent valuer with a recognized and relevant professional qualification and recent experience of the location and category of the investment properties being valued and accredited from Saudi Authority for Accredited Valuers ("TAQEEM") under membership number 1210000397. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation model is consistent with the principles in IFRS 13.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

6. INVENTORY PROPERTIES

	30 September 2024G SR (Unaudited)	31 December 2023G SR (Audited)
At the beginning of the period / year	1,494,586,457	1,696,361,545
Development costs incurred	984,798,861	577,897,364
Borrowing cost capitalized	22,504,169	19,941,978
Transferred from (to) investment properties (note 5)	18,000,000	(108,129,674)
Disposals (recognized in cost of sales)	(725,277,469)	(691,484,756)
At the end of the period / year	1,794,612,018	1,494,586,457

	30 September 2024G SR (Unaudited)	31 December 2023G SR (Audited)
Inventory properties expected to be completed and sold within the next 12 months	542,759,426	589,582,975
Inventory properties under development not expected to be completed and sold within the next 12 months	1,251,852,592	905,003,482
At the end of the period / year	1,794,612,018	1,494,586,457

7. INVESTMENT IN AN ASSOCIATE

The Group owns a 10% interest (31 December 2023G: 15.79 %) in First Avenue Real Estate Development Company, which is involved in real estate development activities in the Kingdom of Saudi Arabia. First Avenue Real Estate Development Company is a joint stock company and was listed after the end of the period on Nomu Saudi Stock Exchange on 16 October 2024G. The Group's interest in First Avenue Real Estate Development Company is accounted for using the equity method in the interim condensed consolidated financial statements. The following table illustrates the summarized financial information of the Group's investment in First Avenue Real Estate Development Company.

	30 September 2024G SR (Unaudited)	31 December 2023G SR (Audited)
Current assets	408,200,716	173,450,469
Non-current assets	364,316,696	318,499,675
Current liabilities	(183,506,538)	(131,010,111)
Non-current liabilities	(140,922,479)	(24,736,857)
Equity	448,088,395	336,203,176
Group's equity interest - 10% (31 December 2023G: 15.79%)	80,041,062	120,847,554
Group's share in results	10,330,843	9,032,831

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

7. INVESTMENT IN AN ASSOCIATE (CONTINUED)

	For the nine-month period ended 30 September 2024G SR (Unaudited)	For the year ended 31 December 2023G SR (Audited)
Revenues	159,810,557	237,845,342
Cost of revenues	(103,541,897)	(185,913,909)
Gross profit	56,268,660	51,931,433
Net operating profit	22,073,284	39,424,306
Net profit before Zakat	45,627,474	53,083,906
Net profit for the year	43,127,474	51,603,906
Total comprehensive income	85,673,545	64,631,737
Group's share of income	10,330,843	9,032,831

A summary of movement in investment in an associate is set out below:

	30 September 2024G SR (Unaudited)	31 December 2023G SR (Audited)
At the beginning of the period / year	120,847,554	113,599,909
Share of profit or loss	6,795,138	6,723,115
Share in OCI	6,703,533	2,309,716
Disposals **	(47,931,133)	-
Losses *	(3,167,828)	-
Dividends	(3,206,202)	(1,785,186)
At the end of the period / year	80,041,062	120,847,554

* On 7 June 2023G, the Associate's Board of Directors in the extraordinary meeting approve to issue 1 share for each 2 shares as a transfer of SR 749,489,967 from share premium to share capital. Out of this increase SR 18,135,427 was given against the employee share incentive program. Therefore, Group's total shareholdings decreased from 17.57% to 15.79% as result of forfeiture of the respective shares towards employees of the associate resulting in a reduction of shareholding percentage of the investment.

** On 27 August 2024G, the Group sold part of its shares in First Avenue Real Estate Development Company, amounting to 10,911,411 shares, to Mecca Construction and Development Company. Consequently, the Group's ownership percentage of the shares decreased from 15.79% to 10% as a result of the sale of the shares. The sale of the shares resulted in a profit of SR 12,299,199.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

8.1 Amounts due from related parties

Name of related parties	Relationship	Nature of transaction	Amount of transaction for the nine-month period ended		Balance	
			30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR	30 September 2024G (Unaudited) SR	31 December 2023G (Audited) SR
Shareholders (note 8.1.1)	IPO recoverable debts	IPO expenses	5,801,540	2,115,541	12,579,325	6,777,785
Mohammed Ibrahim Al Majed	Related party to shareholder	Collections received	(7,950,817)	-	-	7,950,817
First Avenue Real Estate Development Company	Associate	Collections received	(1,601,523)	(1,980,400)	4,793,409	6,394,932
Dar Almajid Holding Company	Majority Shareholder	Collections received	(704,259)	541,311	-	704,259
Almajid Aloula Real Estate Company	Shareholder	Collections received	(3,438)	1,351	-	3,438
					17,372,734	21,831,231

8.1.1 This amount represents the IPO cost which is agreed to be reimbursed by the shareholders upon successful listing process.

8.1.2 The above balances are unsecured, interest free and have no fixed repayment. The management estimate the allowance on amounts due from related party balance at the reporting date at an amount equal to lifetime ECL. No balance due from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

8.2 Amounts due to related parties

Name of related parties	Relationship	Nature of transaction	Amount of transaction for the nine-month period ended		Balance	
			30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR	30 September 2024G (Unaudited) SR	31 December 2023G (Audited) SR
Prince Saud bin Abdullah bin Mohammed Al Saud	Affiliate	Funding	56,000,000	19,281,930		
		Repayment	(79,651,239)	-	102,021,361	125,672,600
Prince Faisal bin Abdullah bin Mohammed Al Saud	Affiliate	Repayment	(30,000)	(913,850)	37,819,262	37,849,262
Opportunity Jewel Real Estate Company	SPV of subsidiary	Repayment	(12,398,029)	-	-	12,398,029
Real Estate Construction Opportunities Company	SPV of subsidiary	Finance charges	(164,895)	(8,505,979)	-	164,895
Jadwa Investment Company	Fund manager of subsidiary	Management fee	1,355,802	1,237,777	1,355,802	-
		Repayment	(36,758,771)	-	-	36,758,771
Dar Almajid Real Estate Development Company	Related party to shareholder	Repayment	(4,392,249)	(3,418,550)		4,392,249
Albilad Capital Company	Custodian of subsidiary	Repayment	(5,006)	(54,191)	5,323	10,329
First Avenue Real Estate Development Company	Associate	Repayment	(3,857,100)	-	-	3,857,100
Abdul Karim Eid Ali Eid	Affiliate	Funding	21,812,700	-	21,812,700	-
Ibrahim Mohammed Ibrahim Al-Qazlan	Affiliate	Funding	21,812,700	-	21,812,700	-
					184,827,148	221,103,235



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

9. SHARE CAPITAL

The Group's authorized, issued and fully paid share capital at 30 September 2024G and 31 December 2023G amounted to SR 300 million, consisting of 30 million shares of SR 10 each.

Name of the shareholder	No. of shares ('000')		% of shareholding		Total SR	
	30 September 2024G	31 December 2023G	30 September 2024G	31 December 2023G	30 September 2024G	31 December 2023G
Dar Almajid Holding Company	17,325	17,325	57.75%	57.75%	173,250,000	173,250,000
AWJ for Real Estate Development and Investment Company	2,250	2,250	7.5%	7.5%	22,500,000	22,500,000
Modern Rufaid Investment Company	2,250	2,250	7.5%	7.5%	22,500,000	22,500,000
Almajid Aloula Real Estate Company	1,485	1,485	4.95%	4.95%	14,850,000	14,850,000
Khalid Abdulrahman Naser Almajid	1,188	1,188	3.96%	3.96%	11,880,000	11,880,000
Mohammed Abdulrahman Naser Almajid	1,188	1,188	3.96%	3.96%	11,880,000	11,880,000
Hossam Abdulrahman Naser Almajid	891	891	2.97%	2.97%	8,910,000	8,910,000
Abdulsalam Abdulrahman Nasser Al Majed	891	891	2.97%	2.97%	8,910,000	8,910,000
Majid Abdulrahman Nasser Al Majed	891	891	2.97%	2.97%	8,910,000	8,910,000
Nasser Abdulrahman Nasser Al Majed	891	891	2.97%	2.97%	8,910,000	8,910,000
Abdullah Abdulrahman Nasser Al Majed	450	450	1.5%	1.5%	4,500,000	4,500,000
Nader Hassan Atallah Alomari	300	300	1%	1%	3,000,000	3,000,000
	30,000	30,000	100%	100%	300,000,000	300,000,000

10. LOANS AND BORROWINGS

	Effective Interest rate (EIR)	Maturity	30 September 2024G SR (Unaudited)	31 December 2023G SR (Audited)
Al Rajhi Bank - Murabaha	SAIBOR + 2%	2025G	256,388,265	362,140,878
Arab National Bank - Tawaruq	SAIBOR + 2.4%	2027G	313,550,248	26,784,122
Banque Saudi Fransi - Tawaruq	SAIBOR + 1.5%	2024G	208,485,600	241,251,652
Masar Al Nomou Finance Company	5.5%	2025G	173,150,000	-
Riyad Bank	SAIBOR + 1.5%	2025G	112,383,000	-
			1,063,957,113	630,176,652
Current			165,000,000	241,251,652
Non-current			898,957,113	388,925,000
			1,063,957,113	630,176,652

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

10. LOANS AND BORROWINGS (CONTINUED)

Set out below is the movement of interest-bearing loans and borrowings:

	30 September 2024G SR (Unaudited)	31 December 2023G SR (Audited)
At the beginning of the period / year	630,176,652	950,579,878
Add: Proceeds	1,383,188,760	1,196,059,922
Less: Repayment	(949,408,299)	(1,516,463,148)
At the end of the period / year	1,063,957,113	630,176,652

During 2022G, the Group signed an agreement to obtain a loan from Al Rajhi Bank amounting to SR 720 million. The loan is for the purpose to finance of the acquisition of real estate land and related development and construction. The term of the loan span over a tenure of 3 years and to be repaid in in one installment after 3 years. The loan carries a markup of SIBOR+2%.

During 2022G, the Group signed an agreement obtain a loan from Arab National Bank. The loan is for the purpose to finance the Group's investment in assets and other development projects. The term of the loan span over a period of 5 years and to be repaid in 2027G. The loan carries a markup of SIBOR+2.5%. The loan is secured against promissory notes with the amount of SR 200 million.

During 2022G, the Group signed an agreement to obtain a loan from Banque Saudi Fransi. The loan is for the purpose to purchase a land in Riyadh city. The loan is repaid in two installments during 2024G. The loan carries a markup of SIBOR+2%. The loan is secured against land collateral in Riyadh Narjis district having a fair value of SR 369 million and promissory notes with the amount of SR 245 million. The loan amount was repaid in full in the subsequent period.

During April 2024G, the Group signed an agreement to obtain a loan from Masar Al Nomou Finance Company. The loan aims to finance the development of three real estate projects. The loan term extends over 24 months from the date of implementation, and it is to be repaid after the end of the period in semi-annual installments. The loan carries a profit margin of 5.5%. The loan is secured against the real estate guarantees of no less than 130% from the total finance.

11. ZAKAT PROVISION

Movement in the Zakat provision:

	30 September 2024G SR (Unaudited)	31 December 2023G SR (Audited)
At the beginning of the period / year	20,117,522	40,076,231
Charge during the period / year	8,227,516	12,650,245
Reversals for the period / year	(6,136,484)	(8,754,683)
Paid during the period / year	(13,981,038)	(23,854,271)
At the end of the period / year	8,227,516	20,117,522



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

11. ZAKAT PROVISION (CONTINUED)

Status of Zakat assessments

During 2022G, the Company has obtained approval from the Zakat, Tax and Customs Authority ("ZATCA") to submit group Zakat return which include the results of the Ultimate Parent Company and its wholly owned subsidiaries as mentioned in Note 1. The Group has submitted its first group Zakat returns to ZATCA for the year ended 2023G, the Zakat assessments have not been issued by ZATCA yet. Below is the status of assessments of the Company's and its wholly owned subsidiaries for which separate returns have been filed by the respective companies up to the year 2022G:

Dar Al Majid Real Estate Company (the Parent Company)

The Company has submitted its Zakat returns to ZATCA for all years up to the year ended 2023G. The last final assessment received was in 2018 and has been settled.

Hossam and Majed sons of Abdul Rahman Al Majed Real Estate Company

The subsidiary has submitted its Zakat returns to ZATCA for all years up to the year ended 2022G. However, no Zakat assessment has been raised by ZATCA yet.

Mohammed and Khalid sons of Abdul Rahman Al Majid Real Estate Company

The subsidiary has submitted its Zakat returns to ZATCA for all years up to the year ended 2022G. However, no Zakat assessment has been raised by ZATCA yet.

Fikra Estesmar for Real Estate Development Company

The subsidiary has submitted its Zakat returns to ZATCA for all years up to the year ended 2022G. However, no Zakat assessment has been raised by ZATCA yet.

Al Raayea Real Estate Company

The subsidiary has submitted its Zakat returns to ZATCA for all years up to the year ended 2022G. However, no Zakat assessment has been raised by ZATCA yet.

Taj Al Hudo for Real Estate Development Company

The subsidiary has submitted its Zakat returns to ZATCA for all years up to the year ended 2022G. However, no Zakat assessment has been raised by ZATCA yet.

Nibras Al Amaken for Real Estate Development Company

The subsidiary has submitted its Zakat returns to ZATCA for all years up to the year ended 2022G. However, no Zakat assessment has been raised by ZATCA yet.

Below is the status of the Zakat assessments for the subsidiaries not wholly owned by the Group and which file their returns separately:

Jadet Al Shatea Real Estate Company

The subsidiary has submitted its separate Zakat returns to ZATCA for all years up to the year ended 2023G. However, no Zakat assessment has been raised by ZATCA yet.

Jadet Al Rabea Real Estate Company

The subsidiary has submitted its separate Zakat returns to ZATCA for all years up to the year ended 2023G. However, no Zakat assessment has been raised by ZATCA yet.

Al Majdiah Investment Fund, Al Dar Investment Fund and Al Narjis Investment Fund

Under the current Tax Law in the Kingdom of Saudi Arabia the Funds are not liable to pay any Zakat or income tax as they are considered to be the obligation of the Unit holders and as such, these are not provided in the separate financial statements of the Funds. Therefore, the Zakat has been considered in the separate financial statements of the Parent Company.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

12. OPERATING INCOME AND COST

12.1 OPERATING INCOME

	For the three-month period ended		For the nine-month period ended	
	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR
Revenues from sale of completed inventory properties	164,211,857	208,636,578	789,757,528	600,855,906
Revenues from sale of land (included in inventory properties)	129,086,444	5,299,200	129,086,444	8,140,800
Real estate commission income (note 12.1.1)	20,125,611	19,984,554	46,017,480	25,082,428
Real estate development income (note 12.1.2)	3,878,497	6,320,558	22,147,007	22,747,961
Maintenance income (note 12.1.3)	4,137,000	4,137,000	12,411,000	10,488,333
Rental income	3,241,192	814,112	7,873,812	2,406,537
	324,680,601	245,192,002	1,007,293,271	669,721,965

12.1.1 This represents the amounts charged to customers in respect of marketing services for the provided. The commission is charged at 2.5% of the each of the property sold for which marketing was done by the Group.

12.1.2 Real estate development represents the construction and development services provided to customers.

12.1.3 Maintenance income represents the straight-line revenues recorded against the amounts received from customers on conditional exchange of contracts relating to future maintenance obligation for five years as part of completed inventory properties sale contract.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated primarily by geographical market and timing of revenues recognition.

	For the three-month period ended		For the nine-month period ended	
	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR
Primary geographical markets				
Kingdom of Saudi Arabia	324,680,601	245,192,002	1,007,293,271	669,721,965
Timing of recognition of revenue				
Services provided at point of time	313,423,912	233,920,332	964,861,452	634,079,134
Service provided over time	11,256,689	11,271,670	42,431,819	35,642,831
	324,680,601	245,192,002	1,007,293,271	669,721,965



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

12. OPERATING INCOME AND COST (CONTINUED)

12.2 OPERATING COST

	For the three-month period ended		For the nine-month period ended	
	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR
Cost of sales of completed inventory properties	128,370,506	156,846,400	623,063,830	464,000,918
Cost of sales of land	102,213,639	4,784,739	102,213,639	7,177,108
Cost of sales – inventory properties	230,584,145	161,631,139	725,277,469	471,178,026
Other operating costs – development and commission	9,957,951	2,483,900	17,048,629	8,992,930
Maintenance costs	3,060,311	5,367,268	9,798,601	8,255,267
Cost of rent	450,489	-	798,485	-
Right-of-use asset depreciation	266,904	113,404	458,626	340,211
	244,319,800	169,595,711	753,381,810	488,766,434

13. SEGMENT INFORMATION

As Group deals only residential real estate segment and operates only in single geography i.e. Kingdom of Saudi Arabia, management of the Group based on the information reviewed by its board of directors represented by the chief operating decision maker, has determined there are no additional operating and geographical segments warranting disclosures.

14. EARNINGS PER SHARE (EPS)

Basic and diluted earnings per share are calculated by dividing net income for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Earnings per share are calculated as follows:

	For the three-month period ended		For the nine-month period ended	
	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR	30 September 2024G (Unaudited) SR	30 September 2023G (Unaudited) SR
Profit attributable to ordinary equity holders of the parent (SR)	78,911,430	64,490,203	181,501,610	96,468,984
Weighted average number of ordinary outstanding shares	30,000,000	30,000,000	30,000,000	30,000,000
Basic and diluted earnings per share (SR)	2.60	2.15	6.10	3.22

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024G

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

1. The Group has provided letters of guarantee, i.e. financial guarantees, bid bonds and performance guarantees through their local banks for its own business activities and on behalf of certain subsidiaries, limited to SR 750 million as at 30 September 2024G (31 December 2023G: SR 362 million)
2. There are no claims expected to arise from the delay in the transfer of legal titles.

15.2 Capital commitments

As at 30 September 2024G, the Group has future capital commitments amounting to SR 950 million (31 December 2023G: SR 550 million) in respect of inventory properties under development.

16. SUBSEQUENT EVENTS

No matters have occurred up to and including the date of approval of these interim condensed consolidated financial statements by the Board of Directors which would materially affect the interim condensed consolidated financial statements and the related disclosures for the period ended 30 September 2024G.

17. DIVIDENDS

On 27 Duh Al-Qi'dah 1445H (corresponding to 4 June 2024G), the Board of Directors recommended distributing dividends in the amount of SR 44,214,265 to the partners for the fiscal year ended 31 December 2023G, which was approved by the partners at the Extraordinary General Assembly meeting held on 27 Duh Al-Qi'dah 1445H (corresponding to 4 June 2024G). The dividend distribution date is 7 Dhu Al-Hijjah 1445H (corresponding to 13 June 2024G).

Dividends were distributed to non-controlling interests totaling SR 112,087,808 during the nine-month period ended 30 September 2024G (30 September 2023G: SR 48,166,491).

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Audit Committee in accordance with the authorization of the Board of Directors on 2 Jumada Al-Ula 1446H (corresponding to 4 November 2024G).



Dar Al Majid Real Estate Company and its
Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements and Independent
Auditor's Report
31 December 2023G



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
 Head Office
 Al Faisaliah Office Tower, 14th Floor
 King Fahad Road
 P.O. Box 2732
 Riyadh 11461
 Kingdom of Saudi Arabia

C.R. No. 1010383821
 Tel: +966 11 215 9898
 +966 11 273 4740
 Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dar Al Majid Real Estate Company (A Saudi Closed Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Dar Al Majid Real Company, a Saudi Closed Joint Stock Company, (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dar Al Majid Real Estate Company (A Saudi Closed Joint Stock Company)
(continued)

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

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

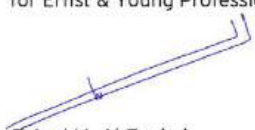
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.



INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dar Al Majid Real Estate Company (A Saudi Closed Joint Stock Company)
(continued)

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

for Ernst & Young Professional Services


Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 15 Shawwal 1445 H
 24 April 2024





DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Financial Position
As at 31 December 2023G

	Note	2023G	2022G
		SR	SR
			Restated (note 30.1)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	24,791,171	24,389,816
Right-of-use assets	6	458,626	915,999
Investment properties	7	164,938,655	79,532,866
Inventory properties under development	8	905,003,482	1,420,573,560
Investment in an associate	9	120,847,554	113,599,909
Financial assets at fair value through profit or loss	10	74,115,169	34,614,631
TOTAL NON-CURRENT ASSETS		1,290,154,657	1,673,626,781
CURRENT ASSETS			
Inventory properties	8	589,582,975	275,787,985
Contract assets	11	59,805,570	18,256,485
Trade receivables	11	65,245,303	33,465,400
Prepayments and other current assets	12	130,370,909	108,836,570
Amounts due from related parties	13.1	21,831,231	14,369,699
Cash and cash equivalents	14	168,314,921	237,225,580
TOTAL CURRENT ASSETS		1,035,150,909	687,941,719
TOTAL ASSETS		2,325,305,566	2,361,568,500
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	300,000,000	300,000,000
Statutory reserve	16	44,598,701	44,598,701
Retained earnings		321,356,811	171,368,122
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		665,955,512	515,966,823
Non-controlling interest	31.2	65,617,808	137,848,195
TOTAL EQUITY		731,573,320	653,815,018
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	17	388,925,000	950,579,878
Lease liability	6	-	792,639
Employee defined benefit liabilities	18	4,984,678	4,244,962
Contract liabilities	20	50,155,000	26,798,589
TOTAL NON-CURRENT LIABILITIES		444,064,678	982,416,068
CURRENT LIABILITIES			
Loans and borrowings	17	241,251,652	-
Lease liability	6	792,638	758,554
Trade and other payables	19	364,178,523	264,991,088
Contract liabilities	20	302,223,998	127,725,515
Amounts due to related parties	13.2	221,103,235	291,786,026
Zakat payable	21	20,117,522	40,076,231
TOTAL CURRENT LIABILITIES		1,149,667,568	725,337,414
TOTAL LIABILITIES		1,593,732,246	1,707,753,482
TOTAL EQUITY AND LIABILITIES		2,325,305,566	2,361,568,500

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

DAR AI MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Profit or Loss
For the year ended 31 December 2023G

	Note	2023G	2022G
		SR	SR
			Restated (note 30.1)
Revenue from sale of completed inventory properties	22.1	853,853,381	712,066,717
Revenue from sale of land	22.1	8,140,800	204,191,839
Cost of sales – inventory properties	8	(691,484,756)	(756,964,953)
PROFIT ON INVENTORY PROPERTIES		170,509,425	159,293,603
Real estate commission income	22.1	39,099,189	33,152,944
Real estate development income	22.1	55,506,639	29,086,776
Operating cost – development and commission	22.2	(48,106,847)	(12,502,963)
PROFIT ON REAL ESTATE DEVELOPMENT AND COMMISSION		46,498,981	49,736,757
Revenue from sale of investment property	22.1	11,290,864	39,587,480
Valuation gains from investment property	7	52,280,410	9,189,975
Cost of sales – investment property	22.2	(11,644,157)	(35,242,926)
GAINS ON INVESTMENT PROPERTY		51,927,117	13,534,529
Rental income	22.1	5,307,605	916,057
Right-of-use asset depreciation	6	(457,373)	(457,373)
Cost of rent	22.2	(570,710)	-
NET RENTAL INCOME		4,279,522	458,684
Maintenance income	22.1	14,625,333	-
Maintenance cost	22.2	(10,132,286)	-
NET MAINTENANCE INCOME		4,493,047	-
GROSS PROFIT		277,708,092	223,023,573
General and administrative expenses	23	(92,513,645)	(50,441,151)
Selling and marketing expenses		(12,451,392)	(13,179,095)
OPERATING PROFIT		172,743,055	159,403,327
Finance costs	24	(13,108,440)	(11,924,324)
Share of results of an associate	9	6,723,115	7,705,182
Other income	25	4,505,693	6,372,179
PROFIT FOR THE YEAR BEFORE ZAKAT		170,863,423	161,556,364
Zakat	21	(3,895,562)	(19,161,340)
PROFIT FOR THE YEAR		166,967,861	142,395,024
Attributable to:			
Equity holders of the parent		147,380,874	109,509,369
Non-controlling interest		19,586,987	32,885,655
		166,967,861	142,395,024

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023G

	Note	2023G	2022G
		SR	SR
			Restated (note 30.1)
PROFIT FOR THE YEAR		166,967,861	142,395,024
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gain on employee defined benefit liabilities	18.2	298,099	4,291,043
Share of other comprehensive income of an associate	9	2,309,716	4,876,812
OTHER COMPREHENSIVE INCOME FOR THE YEAR		2,607,815	9,167,855
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		169,575,676	151,562,879
Attributable to:			
Equity holders of the parent		149,988,689	118,677,224
Non-controlling interest		19,586,987	32,885,655
		169,575,676	151,562,879

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

DAR AI MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2023G

	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR	Non-Con- trolling interest SR	Total SR
Balance as at 1 January 2023G	300,000,000	44,598,701	171,368,122	515,966,823	137,848,195	653,815,018
Profit for the year	-	-	147,380,874	147,380,874	19,586,987	166,967,861
Other comprehensive income	-	-	2,607,815	2,607,815	-	2,607,815
Total comprehensive income	-	-	149,988,689	149,988,689	19,586,987	169,575,676
Dividends paid (note 31.2)	-	-	-	-	(91,817,374)	(91,817,374)
Balance as at 31 December 2023G	300,000,000	44,598,701	321,356,811	665,955,512	65,617,808	731,573,320
Balance as at 1 January 2022G	300,000,000	33,647,765	63,641,834	397,289,599	181,333,745	578,623,344
Profit for the year - restated (note 30.1)	-	-	109,509,369	109,509,369	32,885,655	142,395,024
Other comprehensive income	-	-	9,167,855	9,167,855	-	9,167,855
Total comprehensive income - restated (note 30.1)	-	-	118,677,224	118,677,224	32,885,655	151,562,879
Transfer to statutory reserve	-	10,950,936	(10,950,936)	-	-	-
Dividends paid (note 31.2)	-	-	-	-	(60,208,114)	(60,208,114)
Acquisition of non-controlling interest (note 31)	-	-	-	-	(16,163,091)	(16,163,091)
Balance as at 31 December 2022G - restated	300,000,000	44,598,701	171,368,122	515,966,823	137,848,195	653,815,018

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Cash Flows
For the year ended 31 December 2023G

	Note	2023G	2022G
		SR	SR
			Restated (note 30.1)
OPERATING ACTIVITIES			
Profit for the year before zakat		170,863,423	161,556,364
Adjustments to reconcile profit before zakat to net cash flows:			-
Depreciation on property and equipment	5	955,656	744,321
Depreciation on right of use asset	6	457,373	457,373
Loss / (gain) from disposal of property and equipment		26,816	(5,944)
Valuation gains from investment properties	7	(52,280,410)	(9,189,975)
Loss / (gain) on sale of investment property		353,293	(4,344,554)
Valuation loss / (gains) from financial assets at FVTPL	10	2,459,955	(2,540,224)
Share of results of an associate	9	(6,723,115)	(7,705,182)
(Reversal) / provision for expected credit losses	11	(1,573,285)	4,130,804
Finance cost		33,088,325	54,338,978
Provision for employee defined benefit liabilities	18	1,658,568	2,290,293
		149,286,599	199,732,254
Working capital adjustments:			
Inventory property under development – non current		387,498,426	(568,342,074)
Inventory properties		(313,794,990)	59,461,005
Contract assets		(41,549,085)	(18,256,485)
Trade receivables		(30,206,618)	(25,212,449)
Prepayments and other current assets		(21,534,339)	40,639,032
Amounts due from related parties		63,759,449	45,955,323
Trade and other payables		98,766,814	62,684,084
Contract liabilities		197,854,898	38,967,562
		490,081,154	(164,371,748)
Finance cost paid		(46,798,482)	(44,964,959)
Employee defined benefit liabilities paid	18	(620,753)	(217,640)
Zakat paid	21	(23,854,271)	(5,463,017)
Net cash flows from / (used in) operating activities		418,807,648	(215,017,364)
INVESTING ACTIVITIES			
Addition to property and equipment	5	(1,391,826)	(1,229,878)
Proceeds from disposal of property and equipment		8,000	56,001
Addition to investment property	7	(7,860,842)	(4,032,465)
Proceeds from sale of investment property		11,290,864	39,587,480
Purchase of financial assets at FVTPL		(47,251,680)	(22,438,533)
Proceeds from sales of financial assets at FV through profit or loss	10	5,291,187	20,136,937
Dividend from an associate	9	1,785,186	-
Net cash flows (used in) / from investing activities		(38,129,111)	32,079,542

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

DAR AI MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Cash Flows (continued)
For the year ended 31 December 2023G

	Note	2023G	2022G
		SR	SR
			Restated (note 30.1)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	17	1,196,059,922	1,437,562,099
Repayments of loans and borrowings	17	(1,516,463,148)	(1,186,097,526)
Amounts due to related parties		(36,568,596)	(44,262,086)
Payment of a lease liability	6	(800,000)	(800,000)
Net acquisition and repurchase of non-controlling interest		-	(16,163,091)
Dividends paid to non-controlling interests	31.2	(91,817,374)	(60,208,114)
Net cash flows (used in) / from financing activities		(449,589,196)	130,031,282
Net decrease in cash and cash equivalents		(68,910,659)	(52,906,540)
Cash and cash equivalents at 1 January		237,225,580	290,132,120
Cash and cash equivalents at 31 December		168,314,921	237,225,580
SIGNIFICANT NON-CASH TRANSACTIONS:			
Finance and transaction cost capitalised	24	(19,941,978)	(43,412,750)
Investment in FVTPL transferred to investment in associate	10	-	(31,511,675)

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Notes to the consolidated financial statements
31 December 2023G

1. CORPORATE INFORMATION

Dar Al Majid Real Estate Company was established as a closed Saudi Joint Stock Company ("Company" or the "parent Company") under the companies law in the kingdom of Saudi Arabia under commercial register No. 1010417874 issued on 20 Shaaban 1435h corresponding to 8 June 2014.

The Company and its subsidiaries are engaged in the general construction of residential buildings, construction of prefabricated buildings on sites, renovations of residential and non-residential buildings, purchase and sale of land and real estate, division and off-plan sales activities, management and rent of owned or leased real estate (residential and non-residential), management and operation of hotel apartments and real estate management activities for a commission.

A. Consolidated Subsidiaries

These consolidated financial statements include the financial statements of the Company and the following subsidiaries (collectively the "Group"):

Name	Country of Incorporation	% of shareholding	
		2023G	2022G
Mohammed and Khalid sons of Abdul Rahman Al Majid Real Estate Company ⁽¹⁾	Saudi Arabia	100%	100%
Hossam and Majed sons of Abdul Rahman Al Majed Real Estate Company ⁽²⁾	Saudi Arabia	100%	100%
Fikra Estesmar for Real Estate Development Company ⁽³⁾	Saudi Arabia	100%	100%
Nibras Al Amaken for Real Estate Development Company ⁽⁴⁾	Saudi Arabia	100%	100%
Taj Al Hudo for Real Estate Development Company ⁽⁵⁾	Saudi Arabia	100%	100%
Al Raayea Real Estate Company ⁽⁶⁾	Saudi Arabia	100%	100%
Jadet Al Shatea Real Estate Company ⁽⁷⁾	Saudi Arabia	70%	70%
Jadet Al Rabea Real Estate Company ⁽⁸⁾	Saudi Arabia	25%	25%
Al Majdiah Investment Fund ⁽⁹⁾	Saudi Arabia	100%	100%
Al Dar Investment Fund ⁽¹⁰⁾	Saudi Arabia	70%	70%
Al Narjis Investment Fund ⁽¹¹⁾	Saudi Arabia	64%	64%

- During the year 2020G, the Company acquired Mohammed and Khalid sons Abdul Rahman Al Majid Real Estate Company is a limited liability company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010159804 issued on 25 Rabi al awwal 1421h corresponding to 27 June 2000.

The Company's activity is represented in the general construction of residential buildings, renovations of residential and non-residential buildings, ground transportation of goods, purchase and sale of land and real estate, its division, off-plan sales activities, management, and rental of owned or leased residential real estate, rental of owned or leased non-residential real estate.

- During the year 2020G, the Company acquired Husam and Majid sons of Abdul Rahman Al Majid Real Estate Company is a limited liability company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010425491 issued on 1 Dhu al Hijjah 1435h corresponding to 5 October 2014.

The Company's activity is represented in the general construction of residential buildings, renovations of residential and non-residential buildings, purchase and sale of land and real estate, division and off-plan sales activities, management and rental of owned or leased real estate (Residential), Management and rental of owned or leased real estate (non-residential), activities of real estate agents brokers (auctioneers offices), real estate management activities for a commission, non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

- During the year 2020G, the Company acquired Fikra Estesmar for Real Estate Development Company is a limited liability company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010569523 issued on 27 Rajab 1440h corresponding to 3 April 2019G.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2023G

1. CORPORATE INFORMATION (continued)

A. Consolidated Subsidiaries (continued)

The Company's activity consists in the construction of prefabricated buildings on sites, real estate development of residential buildings with modern construction methods, real estate development of commercial buildings with modern construction methods, purchase and sale of land and real estate, division and off-plan sales activities, management and leasing of owned or leased real estate (Residential), Management and leasing of owned or leased real estate (non-residential), management and operation of hotel apartments, non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

1. During the year 2020G, the Company acquired Nibras Al Amaken for Real Estate Development Company is a limited liability company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010587134 issued on 11 Dhu al-Qa'dah 1440h corresponding to 14 July 2019G.

The Company's activity is represented in the real estate development of residential buildings with modern construction methods, real estate development of commercial buildings with modern construction methods, purchase and sale of land and real estate, division and off-plan sales activities, management and leasing of owned or leased real estate (Residential), Management and leasing of owned or leased real estate (non-residential), non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

2. During the year 2020G, the Company acquired Taj Al Hudo for Real Estate Development Company with limited liability under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010586987 issued on 8 Dhu al-Qaida 1440h corresponding to 11 July 2019G.

The Company's activity consists in real estate development of residential buildings with modern construction methods, real estate development of commercial buildings with modern construction methods, purchase and sale of real estate land, division and off-plan sales activities, management and leasing of owned or leased real estate (Residential), Management and leasing of leased owned real estate (non-residential), management and operation of hotel apartments non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

3. During the year 2021G, the Company established Al Raayea Real Estate Company a one-person Limited Liability Company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010697309 issued on 18 Shaban 1442 AH (corresponding to March 31, 2021G).

The Company's activity is represented in the general contracting of residential buildings with modern construction methods, buying and selling real estate land, its division and off-plan sales activities.

4. During 2021G, the Company acquired 350 shares (out of a total of 500 shares) in Jadet Al Shatea Real Estate Company with limited liability under the companies law in the kingdom of Saudi Arabia under commercial registration No. 4030381446 issued on 09 Shawwal 1441 AH (corresponding to June 1, 2020G).

The Company is engaged in general contracting of residential buildings with modern construction methods, purchase and sale of real estate land, division and off-plan sales activities of lands.

5. During the year 2021G, the Company participated in the establishment of Jadet Al Rabea Real Estate Company with limited liability under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010662510 dated 3 Rabi al awwal 1442h (corresponding to October 20, 2020G). Dar Al Majid Real Estate Company owns 25 cash shares out of a total of 100 cash shares in Jadet Al Rabea Real Estate Company. The remaining shares are in name of other individual shareholder, The Group manage and control all the operations, financial and strategy of the company, therefore, it has been consolidated in these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2023G

1. CORPORATE INFORMATION (continued)

A. Consolidated Subsidiaries (continued)

1. During the year 2022G, the Company participated in the establishment of the Al Majdiah Investment fund, a closed real estate investment fund that complies with Shariah standards and controls and was established by Jadwa Investment Company (the "fund manager"), which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. Dar Al Majid Real Estate Company owns 1,000,000 units out of a total of 1,000,000 units in Al Majdiah Investment Fund. The Fund has a term of 3 periods, which is extendable two times for another one year for each extension, on the discretion of the Fund Manager after the approval of Capital Market Authority ("CMA").
2. During the year 2020G, the Company subscribed in Al Dar Investment Fund, a closed real estate investment fund that complies with Shariah standards and controls and was established by Jadwa Investment Company which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. As of 31 December 2023G, Company directly owns 27% and indirectly owns 43% through Al Majdiah Investment fund. The Fund has a term of 3 periods, which is extendable two times for another one year for each extension, on the discretion of the Fund Manager after the approval of CMA. During 2023G majority of the board of directors of fund have approved to extend the Fund term for one year which was about to expire in April 2024G.
3. During the year 2022G, the Company subscribed in Al Narjis Investment Fund, a closed real estate investment fund that complies with Shariah standards and controls and was established by Jadwa Investment Company which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. As of 31 December 2023G, Company indirectly owns 64% through Al Majdiah Investment fund. The Fund has a term of 3 periods, which is extendable two times for another one year for each extension, on the discretion of the Fund Manager after the approval of CMA.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in Saudi Arabia and other standards and pronouncement issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) (referred to thereafter as "IFRS as endorsed in KSA").

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022G) (hereinafter referred as "the new Law") came into force on 26/6/1444 H (corresponding to 19 January 2023G). For certain provisions of the new Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023G). The management is in process of assessing the impact of the New Companies Law and will amend its by-laws for any changes to align the Articles to the provisions of the new Law. Consequently, the Group shall present the amended by-laws to the Shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

Historical cost convention

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investment property, financial assets held at fair value through profit or loss that have been measured at fair value, and end of service benefits that have been measured at Projected Unit Credit Method.

Basis of measurement

These consolidated financial statements are presented in Saudi Riyal ("SR"), which is the Group's functional and presentation currency. These consolidated financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023G. Control is achieved 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:

DAR AI MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Notes to the consolidated financial statements (continued)
31 December 2023G

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

- A. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- B. Exposure, or rights, to variable returns from its involvement with the investee; and
- C. The ability to use its power over the investee to affect its returns.

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:

- A. The contractual arrangement(s) with the other vote holders of the investee;
- B. Rights arising from other contractual arrangements; and
- C. 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.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests (if any), 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 into 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 profit or loss. Any investment retained is recognised at fair value.

2.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023G. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These amendments had no material impact on the Group and are as follows:

Standards	Description
Amendments to IFRS 17	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform—Pillar Two Model Rules

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.1 Business combination and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.4.2 Investment in associate

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 or joint control over those policies.

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. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss 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. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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 of the associate and its carrying value, and then recognises the loss within 'Share of result of an associate' in the statement of profit or loss.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Notes to the consolidated financial statements (continued)
31 December 2023G

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.2 Investment in associate (continued)

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 profit or loss.

2.4.3 Current versus non-current classification

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;
- Held primarily for the purpose of trading;
- Expected to be realized 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 held primarily for the purpose of trading;
- 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.

2.4.4 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position.

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 based on the presumption that the transaction takes place either in the principle market or, in its absence, the most advantageous market for the asset and liability to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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 maximising 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 prices (unadjusted) 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



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Notes to the consolidated financial statements (continued)
31 December 2023G

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.4 Fair value measurement (continued)

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets. Involvement of external valuers is determined annually by the Audit and Risk Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated regularly.

The investment team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment properties
- Financial instruments (including those carried at amortized cost)

2.4.5 Property and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses. Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs (if any) for long-term projects if the recognition criteria are met. When significant parts of property and equipment 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 property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred.

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

Buildings	20 years
Leasehold improvements	10 years
Motor vehicles	7 years
Furniture and office equipment	5-7 years
Computers, programs and electronic devices	6.67 - 10 years

An item of property and equipment is derecognised upon disposal (i.e the date the recipient obtains control) or when no future economic benefits are expected from its use. 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 profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Notes to the consolidated financial statements (continued)
31 December 2023G

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Investment properties

Investment property comprises completed property and property under development or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises principally retail property that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. This property is rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Transfers are made to (or from) investment property only when there is evidence of a change in use (such as commencement of development or inception of an operating lease to another party). For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to inventories) or inception of an operating lease to another party (for a transfer from inventories to investment property).

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The revenue (disposal proceeds) and the cost of sales (carrying amount of the asset) is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

2.4.7 Inventory properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property, is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.



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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.7 Inventory properties (continued)

When a property for development and land is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of the inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

2.4.8 Non-current assets held for sale

The Group classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

2.4.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Group applies individual recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease Payment and right-of-use assets representing the right to use the underlying assets.

A. 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 accordance 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Category of Right-of-use assets	Lease term
Building	4 years

The right-of-use assets are also subject to impairment.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.9 Leases (continued)

B. Lease Liabilities

At the commencement date of the lease, the Group as a 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 recognized as expense in the year 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.

C. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.4.10 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate (where applicable) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.



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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.10 Impairment of non-financial assets

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss.

2.4.11 Financial instruments

Recognition and initial measurement

Account receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Accounts receivables without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Group has implemented following classifications for its financial assets:

Financial statement line item	IFRS 9 classification
Trade and other receivables	Amortised cost
Cash and cash equivalents	Amortised cost
Financial assets at fair value through profit or loss	Fair value

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.11 Financial instruments (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instrument)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes accounts receivables and Murabaha receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investment in equity instruments and discretionary portfolios under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes units of funds. Dividends from funds are also recognised as income in consolidated statement of profit or loss when the right of payment has been established.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.11 Financial instruments (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial assets

The Group assesses all information available, including a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and debt instruments measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring at the asset as at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward looking information.

Expected credit loss assessment for accounts receivables

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

Over the term of the Murabaha receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each borrower and adjusts for forward looking macroeconomic data.

Write-off and control

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Classification of financial liabilities

The Group classifies its financial liabilities including long term borrowings, Murabaha financings and trade payables, other than financial guarantees and loan commitments, all financial liabilities are recognized initially at fair value and in the cost of loans and borrowings and payables net of transactions cost. The group financial liability included other payables and borrowing and, subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss. 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. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Accounts and other payables represent liabilities for goods or services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.11 Financial instruments (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Modifications of financial assets and financial liabilities

Financial assets

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

Modifications of financial assets and financial liabilities (continued)

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of profit or loss.

Financial liability

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.12 Employees' benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employee benefits are payable to all employees employed under the terms and conditions of the Labour Laws applicable on the Group and its subsidiaries, on termination of their employment contracts.

Defined benefit plans

In addition to the above, Employees' defined benefit liabilities are provided for in accordance with the requirements of the Saudi Arabian Labour Law and the Group's policies. These Employees' defined benefit liabilities represent a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit liability recognised in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit obligation (DBO) at the statement of financial position date. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. Re-measurement amounts, if any, are recognised and reported within equity under the consolidated statement of changes in shareholders' equity with corresponding debit or credit to OCI that comprises of actuarial gains and losses on the defined benefits obligation.

2.4.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

2.4.13 Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current 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. If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.14 Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Group.

2.4.15 Borrowing costs

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

2.4.16 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. The group has concluded that it is principal in its arrangement because its controls the goods or services before transferring them to the customer.

The Group assess the goods or services promised in a contract with a customer and identifies as a performance obligation either:

- A. good or service that is distinct; or
- B. series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct good or service is satisfied over the time and the same method is used to measure progress).

The Group satisfies a performance obligation and recognises revenue over time, if the following criteria is met:

- A. The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.
- B. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- C. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For the performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied

When the Group satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of the consideration earned by the performance. Where the amount consideration received from a customer exceeds the amount of services recognised, this gives rise to the contract liabilities.

Variable Consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group is entitled in exchange for transferring the promised goods or services to a customer. The Group estimates the transaction price on contracts with variable consideration using the expected value or most likely amount method. The method is applied consistently throughout the contract and to similar types of contracts.

Significant financing component

The Group adjusts the promised amount of consideration for the time value of money if the contract contains a significant financing component.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.16 Revenue recognition (continued)

Measuring progress towards complete satisfaction of a performance obligation

For each performance obligation that is satisfied over time, the Group applies a single method of measuring progress toward complete satisfaction of the obligation. The Group selects an appropriate output or input method and then consistently applies it to similar performance obligations and in similar circumstances.

Contract costs

Any incremental cost of obtaining a contract is recognised as an expense unless the Group has a reasonable expectation to recover these costs from its customers and in cases where these costs are explicitly chargeable to the customers.

2.4.17 Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the consolidated statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

2.4.18 Value added tax "VAT" and Real estate transaction tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value of added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; &
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

The disposal of real estate in the Kingdom of Saudi Arabia by way of certain transactions resulting in a transfer of legal ownership or possession will be VAT exempt and subject to a 5% real estate transaction tax ("RETT"). RETT is applicable on the transaction that took place on or after 4 October 2020G. However, as per the RETT law, the licensed real estate developer can recover input VAT on the property sold after 4 October 2020G.

2.4.19 Dividends distribution

The Group establishes the obligations related to paying the cash dividends to the Company's Shareholders when approving the distribution. According to the Saudi Arabian Regulations for Companies, dividends are approved upon approval by the Shareholders. The corresponding amount is directly recognized in equity.

2.4.20 Selling, distribution, general and administration Expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of revenues and selling, distribution, general and administration expenses, when required, are made on a consistent basis. The Group charges the payments, other than those related to volume-based rebates, made in respect of long-term agreements with customers and distributors to selling and distribution expense.

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Group's consolidated financial statements, in conformity with IFRS as endorsed in KSA requires the use of judgements, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the consolidated statement of financial position date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Judgements

Information about judgement made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following note:

Property lease classification

Group as a lessor:

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Determining the transfer of control for recognition of revenue from rendering of services

Revenue from rendering of services is recognised when the services have been rendered to the customer. In making this assessment, the Group has exercised judgment based on the terms and conditions of the underlying contracts. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2023G is included in the following notes.

Fair valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2023G and 31 December 2022G. Further where comparable market data is available, the Group revalue the property by relevance to transaction involving the properties of similar nature location and conditions. The Group engaged an independent valuation specialist to assess the fair values as at 31 December 2023G and 31 December 2022G.

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Notes to the consolidated financial statements (continued)

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Judgements (continued)

Defined benefit liability

The Group's net obligation in respect of defined benefit liability is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation is determined based on actuarial valuation at the statement of financial position date by an independent actuary using the Projected Credit Unit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. In Kingdom of Saudi Arabia, the discount rates used for determining the present value of the obligation under defined benefit plan are determined by reference to US bond yields, (as the Saudi Riyal is pegged to the US dollar) adjusted for an additional risk premium reflecting the possibility of the linkage being broken. Other assumptions include mortality rate, future salary increase and future pension increase.

Equity accounting of investment in associate in which the Group holds less than 50% of voting right (de facto control)

First Avenue Real Estate Development Company is an associate to the Group as described in note 9 even though the Group only owns 17.57% interest in the associate. Significant influence arises by virtue of the Group's representation in the board of directors of the associate.

3.2 Assumptions and estimation uncertainties

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Net assets value ("NAV"). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF 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 assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Estimation of net realisable value for inventory property

Inventory property is stated at the lower of cost and net realisable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same geographical market serving the same real estate segment. NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

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Notes to the consolidated financial statements (continued)

31 December 2023G

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Assumptions and estimation uncertainties (continued)

Estimate of useful lives and residual values

The useful life used to amortise or depreciate intangible assets or property and equipment respectively relates to the expected future performance of the assets acquired and management's judgement based on technical evaluation of the period over which economic benefit will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. An asset's expected life residual value has a direct effect on the depreciation charged in the consolidated statement of profit or loss. The useful lives and residual values of Group's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Impairment loss on trade and other receivables

Accounts and other receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience adjusted appropriately for the future expectations. Individual receivables are written off when management deems them not to be collectible.

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 remeasurement 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.



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Notes to the consolidated financial statements (continued)

31 December 2023G

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Assumptions and estimation uncertainties (continued)

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 the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in finance charges.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of real estate (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Assumptions and estimation uncertainties (continued)

Provision for foreseeable losses

The Group recognises an onerous contract provision (IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') for future losses on contracts where it is considered probable that contract costs are likely to exceed revenue at contract completion. Estimating future losses involves making a number of assumptions, (e.g. contractual position with the customer, vendors and subcontractors, negotiations with the customer, vendors and subcontractors, cost to complete estimates, past experience with the customer, vendors and subcontractors, etc.), about the achievement of contract performance targets and the likely levels of future cost escalations over time.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE AND OTHER AMENDMENTS

The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

Standards	Description	Mandatory effective date
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024G
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024G
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024G



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5. PROPERTY AND EQUIPMENT

	Land (Note 5.1) SR	Buildings SR	Leasehold improve- ments SR	Motor vehicles SR	Furniture and office equipment SR	Computers, programs, and electronic devices SR	Total SR
Cost							
As on 1 January 2022G	18,411,250	3,588,750	601,950	779,673	824,718	917,782	25,124,123
Additions	-	-	190,680	110,765	159,286	769,147	1,229,878
Disposal	-	-	-	(109,050)	-	-	(109,050)
As on 31 December 2022G	18,411,250	3,588,750	792,630	781,388	984,004	1,686,929	26,244,951
Additions	-	-	863,245	185,200	105,453	237,928	1,391,826
Disposal	-	-	-	(44,625)	-	-	(44,625)
As on 31 December 2023G	18,411,250	3,588,750	1,655,875	921,963	1,089,457	1,924,857	27,592,152
Accumulated depreciation							
As on 1 January 2022G	-	92,816	32,436	392,651	522,921	128,983	1,169,807
Charge for the year	-	179,438	67,827	98,134	84,300	314,622	744,321
Disposal	-	-	-	(58,993)	-	-	(58,993)
As on 31 December 2022G	-	272,254	100,263	431,792	607,221	443,605	1,855,135
Charge for the year	-	179,437	125,906	100,487	98,382	451,444	955,656
Disposal	-	-	-	(9,810)	-	-	(9,810)
As on 31 December 2023G	-	451,691	226,169	522,469	705,603	895,049	2,800,981
Net book value							
As at 31 December 2022G	18,411,250	3,316,496	692,367	349,596	376,783	1,243,324	24,389,816
As at 31 December 2023G	18,411,250	3,137,059	1,429,706	399,494	383,854	1,029,808	24,791,171

- 5.1 The legal possession of land deed is in the name of two shareholders, due to the inability to transfer the ownership of the property to Dar Al-Majid Real Estate Company ("Parent") due to the suspension issued by the authorities for transferring the title deeds to the new owners relating to Al-Qirawan district. The shareholders have confirmed that this land is registered in their name for statutory purpose only and they confirmed the ownership of the land to the Group.

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6. RIGHT-OF-USE ASSET AND LEASE LAIBILITY

The Group has a lease contract for residential building, with a lease term of 4.5 years including rent free period. Set out below are the carrying amount of right-of-use asset recognised and the movement during the year:

	2023G	2022G
	SR	SR
Cost		
At 1 January	2,076,348	2,076,348
At 31 December	2,076,348	2,076,348
Accumulated amortization		
At 1 January	1,160,349	702,976
Depreciation expense	457,373	457,373
At 31 December	1,617,722	1,160,349
Carrying amount	458,626	915,999

Set out below are the carrying amount of lease liability recognised and the movement during the year:

	2023G	2022G
	SR	SR
At 1 January	1,551,193	2,277,082
Accretion of interest (note 24)	41,445	74,111
Payment	(800,000)	(800,000)
At 31 December	792,638	1,551,193
Current	792,638	758,554
Non-current	-	792,639

The following are the amounts recognised in consolidated statement of profit or loss:

	2023G	2022G
	SR	SR
Depreciation expense of right-of-use asset	457,373	457,373
Interest expense on lease liability	41,445	74,111
Total amount recognized in profit or loss	498,818	531,484

The Group had total cash outflows for lease of SR. 800,000 in 2023G (2022G: SR. 800,000).

Group as a lessor

The Group has entered into operating leases on its storage space and one residential project. These leases are short term leases. Rental income recognised by the Group during 2023G is SR 5.3 million (2022G: SR 0.9) (note 22.1).



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31 December 2023G

7. INVESTMENT PROPERTIES

	2023G SR	2022G SR
Lands	25,029,719	79,532,866
Building	139,908,936	-
	164,938,655	79,532,866

7.1 Movement in investment properties

	2023G SR			2022G SR
	Lands	Building	Total	Lands
At 1 January	79,532,866	-	79,532,866	101,553,352
Capital expenditure on owned property	733,636	7,127,206	7,860,842	4,032,465
Transferred to related parties (note 13)	(71,220,980)	-	(71,220,980)	-
Disposals (recognized in cost of sales) (note 22.2)	(11,644,157)	-	(11,644,157)	(35,242,926)
Remeasurement adjustment	8,164,930	44,115,480	52,280,410	9,189,975
Transferred from inventory properties (note 8)	19,463,424	88,666,250	108,129,674	-
At 31 December	25,029,719	139,908,936	164,938,655	79,532,866

D. Description of significant observable inputs to valuation

The significant unobservable inputs used in the fair value measurements of investment properties categorised within Level 2 of the fair value hierarchy as at 31 December 2023G and 31 December 2022G are as follows:

Investment property	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			2023G	2022G
Lands	Comparable market approach	Price per sqm	1268.5 per Sq m	2,654.19 per Sq m
Building	Comparable market approach Income capitalization method (50% weighted each)	Price per sqm	- 6,893 per Sq m (Land)	N/A
		Rental growth p.a. Long term vacancy	6,893 per Sq m (Building)	
		Rate	- 8.5%	
			- 70%	

The fair value of land and building in Qassim and Al Yasmin District, Saudi Arabia is valued using the market comparable approach and income capitalization method.

Under market comparable approach, a property's fair value is estimated based on the market comparison between the property being valued and similar ones located in the same area and newly sold, and the value index of the property being value is derived from applying appropriate comparison units and making adjustments to the sale prices of similar properties based on comparative elements.

The valuations were performed by OPM by Olat Real Estate, an independent valuer with a recognised and relevant professional qualification and recent experience of the location and category of the investment property being valued and accredited from Saudi Authority for Accredited Valuers ("TAQEEM") under membership number 1210000397. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation model is consistent with the principles in IFRS 13. More information about the fair value measurement is set out in note 27.

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8. INVENTORY PROPERTIES

The Group has subsidiaries that develops residential properties, which they sell in the ordinary course of business and has entered into contracts to sell certain of these properties. The Group classified all properties as current asset which are expected to be completed and sold in the next reporting period as current, except for properties under development and are not expected to be completed in the next reporting period.

A summary of movement in inventory property is set out below.

	2023G	2022G
	SR	SR Restated (Note 30.1)
At 1 January	1,696,361,545	1,187,480,476
Development costs incurred	577,897,364	1,222,433,272
Borrowing cost capitalized (note 8.1 and 24)	19,941,978	43,412,750
Transferred to investment properties (note 7)	(108,129,674)	-
Disposals (recognized in cost of sales) (note 8.2 and 22.2)	(691,484,756)	(756,964,953)
At 31 December	1,494,586,457	1,696,361,545
Inventory properties expected to be completed and sold within the next 12 months	589,582,975	275,787,985
Inventory properties under development not expected to be completed and sold within the next 12 months	905,003,482	1,420,573,560

8.1 Borrowing costs capitalised

The Group has 28 ongoing projects as at 31 December 2023G (2022G: 35). These projects are expected to be at different intervals ranging from form 1-4 years. The carrying amount of these project at 31 December 2023G was SR 1,494.6 million (2022G: SR 1,696.4 million).

All these projects are financed by loans and borrowings available to the group. Two real estate properties are secured as mortgage with a value of 150% of the financing amount with Riyadh bank. One land in Narjis district is collateralised with Banque Saudi Fransi (note 17).

The amount of borrowing costs capitalised during the year ended 31 December 2023G was SR 19.9 million (2022G: SR 43.4 million). The rate used to determine the amount of borrowing costs eligible for capitalisation for these projects ranges between 4.8% – 8.3%, which is the EIR of the specific borrowing.

8.2 The amounts recognized in cost of sales - inventory properties for the year are as follows:

	2023G	2022G
	SR	SR
In respect of sale of completed inventory properties (note 22.2)	684,304,648	565,401,632
In respect of sale of lands (note 8.2.1 & 22.2)	7,180,108	191,563,321
	691,484,756	756,964,953

8.2.1 The above represents lands held for sale and classified as inventory properties.



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9. INVESTMENT IN AN ASSOCIATE

The Group has a 17.57% interest in First Avenue Real Estate Development Company, which is involved in real estate development activities in Saudi Arabia. First Avenue Real Estate Development Company is a limited liability company that is not listed on any public exchange. The Group's interest in First Avenue Development Company is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in First Avenue Real Estate Development Company.

	2023G	2022G SR
	SR	SR
Current assets	173,450,469	217,635,254
Non-current assets	318,499,675	194,268,804
Current liabilities	(131,010,111)	(84,734,485)
Non-current liabilities	(24,736,857)	(45,423,134)
Equity	336,203,176	281,746,439
Group's share in equity – 17.57% (2021G: 15%)	120,847,554	113,599,909
Group's share in results	9,032,831	12,581,994

	2023G	2022G
	SR	SR
Revenue	237,845,342	204,650,600
Cost of revenue	(185,913,909)	(153,578,307)
Gross profit	51,931,433	51,072,293
Net operating profit	39,424,306	46,006,488
Net profit before zakat	53,083,906	44,961,801
Net profit for the year	51,603,906	42,710,504
Total comprehensive income	64,631,737	74,011,731
Group's share of income	9,032,831	12,581,994

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9. INVESTMENT IN AN ASSOCIATE (Continued)

A summary of movement in investment in an associate is set out below.

	2023G	2022G
	SR	SR
At 1 January	113,599,909	69,506,240
Additions (note 9.1)	-	31,511,675
Share in profit and loss	6,723,115	7,705,182
Share in other comprehensive income	2,309,716	4,876,812
Dividend	(1,785,186)	-
	120,847,554	113,599,909

- 9.1 Effective 1 September 2021G, the Group acquired 15% equity of First Avenue Real Estate Development Company for a total consideration of SR 60.75 million. On 22 November 2022G, the Group entered into an agreement with the Investee to buy an additional 484,795 shares at a price of SR 65 per share and total value of SR 31.5 million in exchange for 2,442,578 units in Al Shorfa Investment Fund at a price of SR 12.9 per unit shares and a total value of SR 31.5 million resulting in the Group's total shareholdings to 17.57% as at year end.
- 9.2 The associate has capital commitment related to properties under development amounting to SR. 19.1 million (31 December 2022G: SR. 38.6 million).

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10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023G	2022G
	SR	SR
Real estate funds (note 10.1)	30,077,193	31,184,280
Listed equity shares (note 10.2)	-	3,430,351
Murabaha (note 10.3)	44,037,976	-
	74,115,169	34,614,631

The movements during the year were as follows:

	2023G	2022G
	SR	SR
At 1 January	34,614,631	61,284,486
Addition	47,251,680	22,438,533
Disposal	(5,291,187)	(51,648,612)
Valuation (loss) / gains (note 25)	(2,459,955)	2,540,224
At 31 December	74,115,169	34,614,631

The breakup of additions, disposal and valuation gains is as follows:

	2023G	2022G
	SR	SR
Additions		
Real estate funds (note 10.1)	3,251,680	22,000,000
Listed equity shares (note 10.2)	-	438,533
Murabaha (note 10.3)	44,000,000	-
	47,251,680	22,438,533
Disposals		
Real estate funds	-	31,511,675
Listed equity shares (note 10.2)	5,291,187	-
Murabaha fund (note 10.3)	-	20,136,937
	5,291,187	51,648,612
Valuation (loss)/gains		
Real estate funds (note 10.1)	(4,358,766)	1,194,441
Listed equity shares (note 10.2)	1,860,835	1,345,783
Murabaha (note 10.3)	37,976	0
	(2,459,955)	2,540,224

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31 December 2023G

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

- 10.1 The group has investments in three real estate funds as at 31 December 2023G i.e. Al Shorfa Investment Fund, Bloom Investment Fund and Al Dar Investment Fund II, amounting to SR 5.96 million, SR 3.78 million and SR 20.34 million (2022G: SR 8.6 million, SR 2.02 million and SR 20.56 million) respectively. During the year, SR 3.3 million were invested in Bloom Investment Fund. The total unrealized loss on the above real estate funds amounted to SR 4.4 million during the year ended December 2023G (2022G: SR: 1.2 million).
- 10.2 The group had invested in four of the listed securities i.e. Elm Company, Power and Water Utility Company, Solutions by STC and ACWA Power amounting SR Nil (2022G: SR 3.4 million). During the year, all the above listed equity shared amounting to SR 5.3 million were disposed off. The total realized gain on the above listed equity shares amounted to SR 1.9 million during the year ended December 2023G (2022G: SR 1.3 million).
- 10.3 During the year 31 December 2023G, the group has invested in 11,672 units of Dawmay Day & Co. Ltd. as Murabaha investment, with a cost amounting to SR 44,000,000. The total unrealized gain on the above Murabaha investment amounted to SR 0.04 million during the year ended December 2023G (2022G: SR: Nil).

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11. TRADE RECEIVABLES AND CONTRACT ASSETS

	2023G	2022G
	SR	SR
Trade receivables (note 11.1)	69,158,615	38,951,997
Less: Provision for expected credit losses	(3,913,312)	(5,486,597)
	65,245,303	33,465,400

11.1 Trade receivables as at 31 December 2023G includes SR 13 million (31 December 2022G: SR 13 million) relating to sale of land in the parent company. The land is under government restriction and the legal transfer of the same has not yet been transferred to the buyer. The group has signed an amendment to the agreement with the buyer to confirm that such amount is fully recoverable once transfer completes.

Terms and conditions of the above financial assets:

Trade receivables are non-interest bearing and are generally on terms of 30 days. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Movement of provision for expected credit losses	2023G	2022G
	SR	SR
At 1 January	5,486,597	1,355,793
(Reversal) / charge for the year (note 25)	(1,573,285)	4,130,804
At 31 December	3,913,312	5,486,597

	2023G	2022G
	SR	SR
Contract assets	59,805,570	18,256,485

Contract assets are initially recognised for revenue earned from real estate development and management services rendered but yet to be billed to customers. Upon billing of invoice, amounts that are recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2023G is mainly due to the increase in ongoing real estate development at the end of the current year compared to prior year. Subsequent to year end, the whole amount of SR 59.8 million (2022G: SR 18.2 million) has been billed to customers.

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12. PREPAYMENTS AND OTHER CURRENT ASSETS

	2023G	2022G
	SR	SR
VAT receivable (note 12.1)	77,322,385	78,755,781
Advances to suppliers	36,890,053	14,287,279
Prepayments	7,422,228	10,243,534
Letter of guarantee (note 12.2)	4,875,281	-
Real estate tax (note 12.3)	1,868,845	1,641,511
Employees receivable	1,012,590	1,745,224
Others	979,527	2,163,241
	130,370,909	108,836,570

12.1 The above VAT receivable is relating to inputs for purchase of good and services. Subsequent to year end, the Group has submitted its VAT declaration, the tax advisor and the management of the Group are confident that the above amounts will be reimbursed within the statutory time frame.

12.2 Letter of guarantee represents the balance hold by bank in favor of one supplier by Al Rajhi Bank. The amount is restricted by the bank.

12.3 The above tax represents real estate tax deducted by vendors on purchase of land and it is computed based on 2.5% of the land value. Subsequent to year end, the Group has submitted its related declaration, the tax advisor and the management of the Group are confident that the above amounts will be reimbursed within the statutory time frame.



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13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

13.1 Amounts due from related parties

Name of related parties	Relationship	Nature of transaction	Amount of transaction		Balance	
			2023G SR	2022G SR	2023G SR	2022G SR
Mohammed Ibrahim Almajid	Related party to shareholder	Sale of land	-	-	7,950,817	7,950,817
Shareholders (note 13.1.1)	IPO recoverable debts	IPO expenses	2,393,041	4,384,744	6,777,785	4,384,744
First Avenue Real Estate Development Company	Associate	Collections received	(12,089,111)	(26,138,122)	6,394,932	1,980,400
		Revenue from services rendered	12,646,543	-		
Nader Hassan Atallah Alomari	Shareholder	(Collections received)/withdrawals	-	(400,000)	-	-
Dar Almajid Holding Company	Majority shareholder	Expenses paid on behalf	-	24,788	704,259	24,788
		Collections received	(679,471)	-		
Amar Investment Holding Company	Related party to shareholder	Expenses paid on behalf	-	18,291		19,037
		Collections received	(19,037)			
Maskan Al Rafah Real Estate Company	Related party to shareholder	Expenses paid on behalf	-	7,768	-	7,825
		Collections received	(7,825)			
Almajid Aloula Real Estate Company	Shareholder	Expenses paid on behalf	1,350	-	3,438	2,088
Mohammed Abdelrahman Naser Almajid	Shareholder	Collections received	-	(13,436,921)	-	-
Khalid Abdelrahman Naser Almajid	Shareholder	Collections received	-	(12,920,071)	-	-
Abdullah Bin Abelrahman Real Estate Company	Related party to shareholder	(Collections received)/Expenses paid on behalf	-	(8,004)	-	-
Al Lubna Real Estate Development Company	Related party to shareholder	(Collections received)/Expenses paid on behalf	-	(7,728)	-	-
Abdelrahman and Ahmed Bait Almajid Real Estate	Related party to shareholder	(Collections received)/Expenses paid on behalf	-	(2,243)	-	-
Amlak International Finance Company	Related party to shareholder	(Collections received)/Expenses paid on behalf	-	(666)	-	-
Almajid Al Thanya Real Estate Company	Related party to shareholder	(Collections received)/Expenses paid on behalf	-	(2,088)	-	-
					21,831,231	14,369,699

13.1.1 This amount represents the IPO cost which is agreed to be reimbursed by the shareholders upon successful listing process.

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13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

13.2.2 The above balances are unsecured, interest free and have no fixed repayment. The management estimate the allowance on due from related party balance at the reporting date at an amount equal to lifetime ECL. No receivable balance from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

13.2 Amount due to related parties

Name of related parties	Relationship	Nature of transaction	Amount of transaction		Balance	
			2023G SR	2022G SR	2023G SR	2022G SR
Prince Saud bin Abdullah bin Mohammed Al Saud	Shareholder	Funding	(42,000,000)	(11,700,000)	125,672,600	131,428,118
		Repayment	48,315,989			
		Balances transferred to other shareholder	560,471			
Khaled Abdelrahman Naser Almajid	Shareholder	Funding	(6,727,095)	(41,467,386)	-	41,467,386
		Balances transferred to other shareholder	41,400,000			
		Repayment	6,920,000			
Mohammed Abdelrahman Naser Almajid	Shareholder	Funding	(6,801,473)	(39,518,527)	-	39,518,527
		Repayment	6,920,000			
		Balances transferred to other shareholder	39,400,000			
Prince Faisal bin Abdullah bin Mohammed Al Saud	Shareholder	Repayment / (Funding)	343,378	(25,000,000)	37,849,262	38,733,112
		Balances transferred to other shareholder	560,471			
		Repayment	883,850			
Majid Abdelrahman Naser Almajid	Shareholder	Funding	(14,000,000)	(8,922,403)	-	9,487,794
		Repayment	23,487,794			
Hussam Abdelrahman Naser Almajid	Shareholder	(Funding) / Repayment	23,487,794 (14,000,000)	7,910,830	-	9,487,794
Opportunity Jewel Real Estate Company	SPV of subsidiary	Finance charges	(12,398,029)	-	12,398,029	-
Real Estate Construction Opportunities Company	SPV of subsidiary	Repayment / (Finance charges)	8,505,979	(25,736,946)		8,505,979
Emmar Opportunities Real Estate	SPV of subsidiary	Finance charges	164,895	-	164,895	-



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13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

13.2 Amount due to related parties (continued)

Name of related parties	Relationship	Nature of transaction	Amount of transaction		Balance	
			2023G SR	2022G SR	2023G SR	2022G SR
Jadwa Investment Company	Fund manager of subsidiary	Management fee (note 23)	8,426,548	(10,902,266)	36,758,771	5,131,596
		Performance fee (note 23)	33,482,409			
		Debt restructuring fee	-	(2,422,524)		
		Fund set-up fee	-	(16,000)		
Mohammed and Mosab Alajlan Company	Related party to shareholder	Repayment	4,515,000	-	-	4,515,000
Dar Almajid Real Estate Development Company	Related party to shareholder	Repayment	-	3,418,550	4,392,249	3,418,550
		Funding	(973,699)			
Abdelsalam Abdelrahman Naser Almajid	Shareholder	Repayment / (Funding)	15,577,750	(81,249,675)		5,000
		Land transfer	42,381,440			
		Balances transferred from other shareholder	(40,400,000)			
Naser Abdelrahman Naser Almajid	Shareholder	Repayment/ (Funding)	11,565,460	(81,234,252)		5,000
		Land transfer	28,839,540			
		Balances transferred from other shareholder	(40,400,000)			
Albilad Capital	Custodian of subsidiary	Repayment / (Custodian fees)	71,841	(82,170)	10,329	82,170
First Avenue Real Estate Development Company	Associate	Expense incurred on our behalf	3,857,100	-	3,857,100	-
					221,103,235	291,786,026

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13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

13.3 Key Management Compensation

	2023G	2022G
	SR	SR
Short term employee benefits	6,780,000	6,540,000
Termination benefits	1,130,000	1,090,000
	7,910,000	7,630,000
Board of Directors remuneration	1,823,000	230,000

14. CASH AND CASH EQUIVALENTS

	2023G	2022G
	SR	SR
Cash at bank	141,235,237	197,400,378
Short-term deposits (note 14.1)	27,000,000	39,438,000
Cash on hand	79,684	387,202
	168,314,921	237,225,580

14.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

15. SHARE CAPITAL

The Group's authorised, issued and fully paid share capital at 31 December 2023G amounted to SR 300 million (31 December 2022G: SR 300 million), consisting of 300,000 (31 December 2022G: 300,000) shares of SR 1,000 each.

Name of the shareholder	No. of shares		% of		Total SR	
	2023G	2022G	2023G	2022G	2023G	2022G
Dar Almajid Holding Company	173,250	173,250	57.75%	57.75%	173,250,000	173,250,000
AWJ for Real Estate Development and Investment Company	22,500	22,500	7.5%	7.5%	22,500,000	22,500,000
Modern Rufaid Investment Company	22,500	22,500	7.5%	7.5%	22,500,000	22,500,000
Almajid Aloula Real Estate Company	14,850	14,850	4.95%	4.95%	14,850,000	14,850,000
Khalid Abdulrahman Naser Almajid	11,880	11,880	3.96%	3.96%	11,880,000	11,880,000
Mohammed Abdulrahman Naser Almajid	11,880	11,880	3.96%	3.96%	11,880,000	11,880,000
Hussam Abdulrahman Naser Almajid	8,910	8,910	2.97%	2.97%	8,910,000	8,910,000
Abdulsalam Abdulrahman Naser Almajid	8,910	8,910	2.97%	2.97%	8,910,000	8,910,000
Majid Abdulrahman Naser Almajid	8,910	8,910	2.97%	2.97%	8,910,000	8,910,000
Naser Abdulrahman Naser Almajid	8,910	8,910	2.97%	2.97%	8,910,000	8,910,000
Abdullah Abdulrahman Naser Almajid	4,500	4,500	1.5%	1.5%	4,500,000	4,500,000
Nader Hassan Atallah Alomari	3,000	3,000	1%	1%	3,000,000	3,000,000
	300,000	300,000	100%	100%	300,000,000	300,000,000



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16. STATUTORY RESERVE

In accordance with the new Companies Law in the Kingdom of Saudi Arabia which became effective on 19 January 2023G, the Group is no longer required to maintain a statutory reserve and the reserve balance may be transferred to retained earnings. As of 31 December 2023G, the Group is in the process of assessing the legal formalities for the transfer from statutory reserve.

17. LOANS AND BORROWINGS

	Effective Interest rate (EIR)	Maturity	2023G	2022G
			SR	SR
Al Rajhi Bank - Murabaha	SAIBOR + 2.4%	2025G	362,140,878	314,444,850
Arab National Bank - Tawaruq	SAIBOR+2.4%	2027G	26,784,122	153,784,122
Riyadh Bank - Murabaha	SAIBOR+2%	2024G	-	245,828,569
Banque Saudi Fransi - Tawaruq	SAIBOR+2%	2024G	241,251,652	226,251,652
Amlak International Finance Company- Murabaha	8%	2024G	-	10,270,685
			630,176,652	950,579,878
Current			241,251,652	-
Non-current			388,925,000	950,579,878

Set out below is the movement of interest-bearing loans and borrowings:

	2023G	2022G
	SR	SR
Principal amount at 1 January	950,579,878	700,331,183
Add: proceeds	1,196,059,922	1,437,562,099
Less: repayment	(1,516,463,148)	(1,186,097,526)
Less: Transaction costs	-	(1,215,878)
Principal amount at 31 December	630,176,652	950,579,878

During 2021G, the Group signed an agreement to obtain a loan from Al Rajhi bank amounting to SR 720 million. The loan is for the purpose to finance of the acquisition of real estate land and related development and construction. The terms of the loan span over a tenure of 3 years and to be repaid in one instalment after 3 years. The loan carries a markup of SIBOR+2.4%. The loan is secured against the personal guarantees by the shareholders.

During 2022G, the Group signed an agreement to obtain a loan from Arab National Bank. The loan is for the purpose to finance group's investment in assets and other development projects. The loan is to be repaid in annually. The loan carries a markup of SIBOR+2.4%. The loan is secured against promissory notes with the amount of SR 200 million.

During 2022G, the Group signed an agreement to obtain a loan from Banque Saudi Fransi. The loan is for the purpose to purchase a land in Riyadh city. The loan is repaid in two instalments during 2024G. The loan carries a markup of SIBOR+2%. The loan is secured against land collateral in Riyadh Narjis district having a fair value of SR 369 million and promissory notes with the amount of SR. 245 million.

During 2020G, the Group signed an agreement to obtain a loan from Riyadh Bank. The loan is for the purpose to finance group's development and construction projects. The terms of the loan span over a tenure of 4 years and to be repaid in one instalment after 4 years. The loan carries a markup of SIBOR+2%. The loan is secured against mortgage of two real estate properties with a value of 150% of the financing amount. The loan has been early repaid in full in 2023G.

During 2021G, the Group signed an agreement to obtain a loan from Amlak International Finance Company. The loan is for the purpose to finance group's development and construction projects. The terms of the loan span over a tenure of 3 years and to be repaid in in one instalment after 3 years. The loan carries a finance cost of 8%. The loan is secured against the personal guarantees by the shareholders. The loan has been early repaid in full in 2023G.

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17. LOANS AND BORROWINGS (continued)

Finance charges and amortisation of transaction cost on the loans for the year ended 31 December 2023G amounted to SR 33 million (2022G: SR 55.3 million) out of which SR 19.9 million (2022G: SR 43.4million) has been capitalized within inventory properties (note 8 and 24).

At 31 December 2023G, the Group has available SR 358 million (31 December 2022G: SR 405 million) of undrawn committed borrowing facilities.

18. EMPLOYEE DEFINED BENEFIT LIABILITIES

18.1 General description of benefits

The Group operates an unfunded end of service benefits scheme in accordance with the labour laws prevailing in the Kingdom of Saudi Arabia. Provision is created for the benefit of the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method.

	2023G SR	2022G SR
Net defined benefit liability	4,984,678	4,244,962

18.2 Movement in net defined benefit liability

	2023G SR	2022G SR
As of 1 January	4,244,962	6,463,352
Charge for the year	1,658,568	2,290,293
Benefits paid	(620,753)	(217,640)
Actuarial gains on obligation	(298,099)	(4,291,043)
As of 31 December	4,984,678	4,244,962

18.3 Net benefit expenses

	2023G SR	2022G SR
Included in profit or loss		
Current service cost	1,484,392	2,138,200
Interest cost	174,176	152,093
	1,658,568	2,290,293
Included in other comprehensive income		
Remeasurement gain due to:		
Financial assumptions	(298,099)	(4,291,043)
	(298,099)	(4,291,043)

18.4 Principle actuarial assumptions

The significant assumptions used in determining end of service benefit obligations for the Group's plan are shown below:

	2023G	2022G
Discount rate	4.69%	4.90%
Salary increase rates	5.57%	5%
Withdrawal rate per annum	30%	15%



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18. EMPLOYEE DEFINED BENEFIT LIABILITIES (continued)

18.5 Sensitivity analysis

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

	2023G SR	2022G SR
Discount rate		
1% increase	157,199	550,756
1% decrease	267,870	597,151
Long term salary increase		
1% increase	265,267	578,059
1% decrease	158,730	534,665

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

19. TRADE AND OTHER PAYABLES

	2023G SR	2022G SR
Trade payables	220,289,391	159,221,329
Accrued expenses	54,557,800	30,788,607
Provision for onerous contracts (note 19.1)	35,865,231	34,235,318
Notes payable	20,164,348	-
VAT payable	13,752,271	392,777
Accrued finance charges	13,096,328	16,665,882
Real estate tax payable	6,453,154	23,687,175
	364,178,523	264,991,088

19.1 A provision is recognised for certain contracts with suppliers for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. It is anticipated that these costs will be incurred in the next financial year. During 2023G, a further provision was created for SR 30 million for one project where the Group has committed this additional cost with a new contractor in order to complete the project as per the specifications. The group has further in coordination with their legal advisor has decided to pursue to legal claim of the same amount against the previous contractor due to its negligence (note 29.1).

20. CONTRACT LIABILITIES

	2023G SR	2022G SR
Contract liabilities – customer deposits and advance payments	352,378,998	154,524,104
Current portion	302,223,998	127,725,515
Non-current portion	50,155,000	26,798,589

Contract liabilities include amounts received from customers on conditional exchange of contracts relating to future maintenance obligation as part of completed inventory properties sale contract. The Group received certain non-refundable deposit for a five-year maintenance service. Total contract liabilities relating to customer deposits amounted to SR 66.7 million (31 December 2022G: SR 26.8 million).

Contract liabilities also include SR 285.7 million (31 December 2022G: SR. 127.7 million) advance payments from customers in exchange of real estate development and management services performed by the Group.

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21. ZAKAT PAYABLE

Charge for the year

The zakat charge consists of the current year provision amounting to SR 12.7 million (31 December 2022G: SR 19.2 million)

Movement in the zakat provision:

	2023G	2022G
	SR	SR
As of 1 January	40,076,231	26,377,908
Charge during the year	12,650,245	19,161,340
Prior year reversal (note 21.1)	(8,754,683)	-
Paid during the year	(23,854,271)	(5,463,017)
As of 31 December	20,117,522	40,076,231

21.1 This represents the over accrual of zakat based on the respective separate financial statements of the Group. The over accrual has been reversed as a result of Group approval by ZATCA in 2022G after the approval of the consolidated financial statements to submit the zakat return on Group consolidated basis excluding the subsidiaries that are partially owned.

Status of zakat

During 2022G, the Company has obtained approval from ZATCA to submit group zakat return which include the results of the Ultimate Parent Company and its wholly owned subsidiaries as mentioned in Note 1. Status of assessments of the Company and its wholly owned subsidiaries where separate returns were filed by respective companies upto the year 2021G, are as follows:

Dar Almajid Real Estate Company (Parent Company)

The Company has submitted zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") for all years up to the year ended 2022G. The last final assessment received was in 2018 and has been settled.

Hossam and Majed sons of Abdul Rahman Al Majed Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2022G. However, no zakat assessment has been raised yet.

Mohammed and Khalid sons of Abdul Rahman Al Majid Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2022G. However, no zakat assessment has been raised yet.

Fikra Estesmar for Real Estate Development Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2022G. However, no zakat assessment has been raised yet.

Al Raayea Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2022G. However, no zakat assessment has been raised yet.



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21. ZAKAT PAYABLE (continued)

Jadet AlShatea Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2022G. However, no zakat assessment has been raised yet.

Jadet Al Rabea Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2022G. However, no assessment has been raised yet.

Taj Al Hudo for Real Estate Development Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2022G. However, no zakat assessment has been raised yet.

Nibras Al Amaken for Real Estate Development Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2022G. However, no zakat assessment has been raised yet.

Al Majdiah Investment Fund, Al Dar Investment Fund and Al Narjis Investment Fund

Under the current system of taxation in the Kingdom of Saudi Arabia the Funds are not liable to pay any Zakat or income tax as they are considered to be the obligation of the Unitholders and as such, these are not provided in the separate financial statements of the funds. Therefore, the zakat has been considered in the separate financial statements of the parent company.

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Notes to the consolidated financial statements (continued)

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22. OPERATING INCOME AND COST

22.1 OPERATING INCOME

	2023G	2022G
	SR	SR
		Restated (Note 30.1)
Revenue from sale of completed inventory properties	853,853,381	712,066,717
Real estate development (note 22.1.1)	55,506,639	29,086,776
Real estate commission income (note 22.1.2)	39,099,189	33,152,944
Maintenance income (note 22.1.3)	14,625,333	-
Revenue from sale of investment property	11,290,864	39,587,480
Revenue from sale of land (included in inventory properties)	8,140,800	204,191,839
Rental income (note 6)	5,307,605	916,057
	987,823,811	1,019,001,813

22.1.1 Real estate development represents the construction and development services provided to customers.

22.1.2 This represents the amounts charged to customers in respect of the marketing services provided. The commission is charged at 10% for each of the property sold for which marketing was done by the group.

22.1.3 Maintenance income represents the straight line revenue recorded against the amounts received from customers on conditional exchange of contracts relating to future maintenance obligation for five years as part of completed inventory properties sale contract.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated primarily by geographical market and timing of revenue recognition.

	2023G SR	2022G SR
Primary geographical markets		
Saudi Arabia	987,823,811	1,019,001,813
Timing of recognition of revenue		
Services provided at point of time	912,384,234	988,998,980
Service provided over time	75,439,577	30,002,833



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22. OPERATING INCOME AND COST (continued)

22.2 OPERATING COST

	2023G	2022G
	SR	SR Restated (Note 30.1)
Cost of sales of completed inventory properties (note 8)	684,304,648	565,401,632
Other operating costs – development, commission, rent and maintenance	58,809,843	12,502,963
Cost of sale of investment property (note 7.1)	11,644,157	35,242,926
Cost of sales of land (included in inventory properties) (note 8)	7,180,108	191,563,321
Depreciation expense of right-of-use asset (note 6)	457,373	457,373
	762,396,129	805,168,215

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2023G	2022G
	SR	SR
Performance fee (note 23.1)	33,482,409	-
Salaries and other benefits	19,946,032	20,414,132
Management fees (note 23.2 and 13)	8,426,548	10,902,266
Professional fees	8,741,047	9,182,484
Governmental fees	3,509,234	516,427
Rent	2,732,556	-
Donations and gifts	2,354,831	955,920
Maintenance and repair	1,709,621	161,275
(Reversal) / provision for expected credit loss on trade receivables (note 11)	(1,573,285)	4,130,804
Depreciation (note 5)	955,656	744,321
Utilities	455,912	460,018
Hospitality	311,368	325,402
Office improvements	177,461	155,229
Improvements	22,130	295,688
Reversal for expected credit loss on due from related parties	-	(2,524,930)
Others	11,262,125	4,722,115
	92,513,645	50,441,151

23.1 Performance fees represent one off fee paid to the Fund manager in consideration of managing the funds' asset if the overall completed projects of the fund generates an IRR of 12% or more in accordance with Funds' terms and conditions.

23.2 Management fees represent an annual management fee paid to the Fund manager in consideration of managing the funds' asset for a fee equal to 0.75% to 2% of the fund's invested capital in accordance with Funds' terms and conditions.

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24. FINANCE COST - NET

	2023G	2022G
	SR	SR
Finance cost on loans and borrowings	30,956,790	52,302,838
Unwinding of transaction cost	2,090,090	1,962,029
Finance income on Murabaha deposits	(42,507)	-
Bank charges	4,600	998,096
Interest on lease liability (note 6)	41,445	74,111
Total borrowing costs	33,050,418	55,337,074
Less: Finance and transaction cost capitalised (note 8 and 17)	(19,941,978)	(43,412,750)
Total finance costs charged to profit or loss	13,108,440	11,924,324

25. OTHER INCOME

	2023G SR	2022G SR
Valuation (loss) / gains from financial assets at fair value through profit or loss (note 10)	(2,459,955)	2,540,224
Other (note 25.1)	6,965,648	3,831,955
	4,505,693	6,372,179

25.1 Others contains one off developer fees by the two fund managers amounting to SR 3.98 million in consideration for meeting the KPIs for the development services for certain projects in accordance with development agreement.



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26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

26.1 FINANCIAL ASSETS

	2023G SR	2022G SR
Financial assets at fair value through profit or loss		
Real estate funds	30,077,193	31,184,280
Quoted equity shares	-	3,430,351
Murabaha fund	44,037,976	-
Total financial assets at fair value	74,115,169	34,614,631
Debt instruments at amortized cost		
Trade receivables	65,245,303	33,465,400
Amounts due from related parties	21,831,231	14,369,699
Total financial assets at amortized cost*	87,076,534	47,835,099
Total current	87,076,534	47,835,099
Total non-current	74,115,169	34,614,631

* Financial assets, other than cash and short-term deposits

26.2 FINANCIAL LIABILITIES

	Effective Interest rate (EIR)	Maturity	2023G SR	2022G SR
Loans and borrowings	SAIBOR + 2% to 8%	2024G-2027G	630,176,652	950,579,878
Lease liability	4.5%	2024G	792,638	1,551,193
Trade and other payables		On demand	308,107,868	206,675,818
Amounts due to related parties		On demand	221,103,235	291,786,026
Total financial liabilities			1,160,180,393	1,450,592,915

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Notes to the consolidated financial statements (continued)

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26 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.3 FAIR VALUES

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial assets and liabilities.

	2023G SR		2022G SR	
	Carrying amount	Fair value	Carrying amount	Fair Value
Financial assets				
Trade receivables	65,245,303	65,245,303	33,465,400	33,465,400
Amounts due from related parties	21,831,231	21,831,231	14,369,699	14,369,699
Real estate funds	30,077,193	30,077,193	31,184,280	31,184,280
Quoted equity shares at FVTPL	-	-	3,430,351	3,430,351
Murabaha fund	44,037,976	44,037,976	-	-
	161,191,703	161,191,703	82,449,730	82,449,730
Financial liabilities				
Loans and borrowings	630,176,652	630,176,652	950,579,878	950,579,878
Trade and other payables	308,107,868	308,107,868	206,675,818	206,675,818
Amounts due to related parties	221,103,235	221,103,235	291,786,026	291,786,026
Lease liability	792,638	792,638	1,551,193	1,551,193
	1,160,180,393	1,160,180,393	1,450,592,915	1,450,592,915

- A. The fair value of unquoted instruments and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- B. The fair values of investment in private funds are estimated using either the net assets value (NAV) or fair value provided by the private funds on monthly, quarterly or annual basis.

26.4 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, accounts and other payables. 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 accounts and other receivables, financial assets held at amortised cost, financial assets held at FVTPL and cash that derive directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

26.4.1 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 and financial assets measured at FVTPL. The sensitivity analyses in the following sections relate to the position as at 31 December 2023G and 31 December 2022G.

26.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings.

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26 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.4 Financial instruments risk management objectives and policies (continued)

26.4.2 Interest rate risk (continued)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

		2023G SR	2022G SR
Increase in basis points of interest rates	+10	(630,177)	(950,580)
Decrease in basis points of interest rates	-10	630,177	950,580

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly lower volatility than in prior periods.

26.4.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The Group's exposure to foreign currency changes for all currencies is not material.

26.4.4 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 investment securities. 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. For unquoted equity instruments and investments in discretionary portfolios, the maximum risk is equal to the carrying amount of those investments.

26.4.5 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 accounts receivables) and from its financing activities, including deposits with banks and financial institutions, Murabaha and other receivables, foreign exchange transactions and other financial instruments. The Group is exposed to credit risk on its bank balances and trade receivables as follows:

	2023G SR	2022G SR
Cash at bank	141,235,237	197,400,378
Short term deposits	27,000,000	39,438,000
Letter of guarantees	4,875,281	-
Trade receivables	65,245,303	33,465,400
Amounts due from related parties	21,831,231	14,369,699
	260,187,052	284,673,477

The carrying amount of financial assets represent the maximum credit exposure. Credit risk on receivables and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings.
- The receivables are shown net of allowance for expected credit loss.
- Financial position of related parties is stable.

Impairment losses on financial assets recognised in the consolidated statement of profit or loss were as follows:

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Notes to the consolidated financial statements (continued)

31 December 2023G

26 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.4 Financial instruments risk management objectives and policies (continued)

26.4.5 Credit risk (continued)

	2023G SR	2022G SR
(Reversal)/provision of expected credit loss on trade receivables	(1,573,285)	4,130,804
Reversal of expected credit loss on related parties	-	(2,524,930)
	(1,573,285)	1,605,874

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group limits its exposure to credit risk from accounts receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively. In respect of loans provided by Group to related parties and other companies, the Group believes that the related parties and other companies have a sound financial strength, and the loans will be fully recovered within stated timelines.

None of the Group's customers' balances have been written off at the reporting date. In monitoring customer credit risk, customers are categorised according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, past history with the Group and existence of previous financial difficulties.

The Group accounts receivables are from counterparties in the Kingdom of Saudi Arabia. The Group's exposure to credit risk in accounts receivable as per geographic basis is as follows:

	2023G SR	2022G SR
Kingdom of Saudi Arabia	65,245,303	33,465,400
	65,245,303	33,465,400

Expected credit loss assessment for accounts and other receivables:

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts and other receivables.

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before 31 December 2023G and 31 December 2022G respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries in which it conducts transactions to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2023G and 31 December 2022G was determined as follows for accounts and other receivables.

2023G	Expected credit loss rate	Gross carrying amount at default SR	Expected credit loss allowance SR
0-90 days past due	0%	47,020,067	-
90-180 days past due	0%	-	-
180-270 days past due	0%	-	-
270-360 days past due	0%	-	-
More than 360 days past due	18%	22,138,548	(3,913,312)
		69,158,615	(3,913,312)

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26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.4 Financial instruments risk management objectives and policies (continued)

26.4.5 Credit risk (continued)

2022G	Expected credit loss rate	Gross carrying amount at default	Expected credit loss allowance
		SR	SR
0-90 days past due	0%	15,527,771	-
90-180 days past due	0%	-	-
180-270 days past due	16%	7,816,500	(1,228,352)
270-360 days past due	0%	-	-
More than 360 days past due	27%	15,607,726	(4,258,245)
		38,951,997	(5,486,597)

Impairment losses on accounts and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The ageing for the contract assets for the year ended 31 December, was as follows:

2023G	Gross carrying amount	
	2023G SR	2022G SR
0-90 days past due	47,066,167	4,691,008
90-180 days past due	12,739,403	3,508,510
180-270 days past due	-	-
270-360 days past due	-	10,056,967
More than 360 days past due	-	-
	59,805,570	18,256,485

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.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

26.4.6 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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31 December 2023G

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.4 Financial instruments risk management objectives and policies (continued)

26.4.6 Liquidity risk (continued)

31 December 2023G:	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	SR	SR	SR	SR	SR
Loans and borrowings	-	241,251,652	388,925,000	-	630,176,652
Trade and other payables	308,107,868	-	-	-	308,107,868
Lease liability	800,000	-	-	-	800,000
Amounts due to related parties	-	221,103,235	-	-	221,103,235
	308,907,868	462,354,887	388,925,000	-	1,160,187,755

31 December 2022G:	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	SR	SR	SR	SR	SR
Loans and borrowings	-	-	950,579,878	-	950,579,878
Trade and other payables	206,675,818	-	-	-	206,675,818
Lease liability	-	800,000	800,000	-	1,600,000
Amounts due to related parties	-	291,786,026	-	-	291,786,026
	206,675,818	292,586,026	951,379,878	-	1,450,641,722

26.47 Capital management

For the purpose of the Group's capital management, capital includes issued capital, 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, wherever applicable for the Group entities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using multiple leverage ratios including gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, long term borrowings, payables and accrued expense, due to shareholders less cash and cash equivalents, excluding discontinued operations.

	2023G SR	2022G SR
Loans and borrowings	630,176,652	950,579,878
Amounts due to related parties	221,103,235	291,786,026
Trade and other payables	364,178,523	264,991,089
Less: Cash and cash equivalents	(173,190,202)	(237,225,580)
Net debt	1,042,268,208	1,270,131,413
Equity	731,573,320	653,815,019
Equity and net debt	1,773,841,528	1,923,946,432
Gearing ratio	59%	66%



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27. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets:

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
31 December 2023G				
Investment property				
Lands	-	25,029,719	-	25,029,719
Building	-	139,908,936	-	139,908,936
Financial assets at fair value through profit or loss				
Real estate funds	-	-	30,077,193	30,077,193
Murabaha Fund	-	-	44,037,976	44,037,976
Total	-	164,938,655	74,115,169	239,053,824

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
31 December 2022G				
Investment property				
Land	-	79,532,866	-	79,532,866
Financial assets at fair value through profit or loss				
Real estate funds	-	-	31,184,280	31,184,280
Quoted equity shares	3,430,351	-	-	3,430,351
Total	3,430,351	79,532,866	31,184,280	114,147,497

The fair values of other financial instruments are not significantly different from the carrying values included in the consolidated financial statements.

28. DIVIDENDS DISTRIBUTION

There were no dividends announced or distributed during the year ended 31 December 2023G and 2022G.

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

- The Group has provided letters of guarantee, i.e. financial guarantees, bid bonds and performance guarantees through their local banks for its own business activities and on behalf of certain subsidiaries, limited to SR 362 million as on 31 December 2023G (31 December 2022G: SR 314 million).
- The Group have certain projects sold in 2023G for which the subdivisions and legal titles have not been transferred to the buyers as of 31 December 2023G and the subdivision for the same have not yet been applied for the same subsequently.

Managements expects no claims expected to arise from the delay in the transfer subdivision and transfer of legal titles.

- During 2023G, the Group has made a provision amounting to SR 30 million in respect of the additional cost expected to arise in future as a result of appointing a new contractor to reperform the development of one project to meet the Group standards. Group management has decided to pursue a legal case against the previous contractor for the same amount on account their negligence. (note 19.1)

29.2 Capital commitments

At 31 December 2023G, the Group has future capital commitments amounting to SR 550 million (31 December 2022G: SR 397 million) in respect of inventory property under development.

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Notes to the consolidated financial statements (continued)

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30. PRIOR PERIOD ADJUSTMENTS

30.1 Management identified certain errors on relating to prior year which were adjusted retrospectively as follows:

ASSETS	Note	Reported as at	Restatement	Restated as at
		31 Dec 2022G		31 Dec 2022G
		SR	SR	SR
NON-CURRENT ASSETS				
Inventory properties under development	a	1,396,076,018	24,497,542	1,420,573,560
Goodwill	a	24,497,542	(24,497,542)	-
EQUITY				
Statutory reserve	b	46,316,044	(1,717,343)	44,598,701
Retained earnings	b	186,824,212	(15,456,090)	171,368,122
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			(17,173,433)	
Non-controlling interest	b	145,244,762	(7,396,567)	137,848,195
TOTAL EQUITY			(24,570,000)	
CURRENT LIABILITIES				
Trade and other payables	b	240,421,088	24,570,000	264,991,088
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Revenue from sale of completed inventory properties	b	759,806,717	(47,740,000)	712,066,717
Cost of sales – inventory properties	b	(780,134,953)	23,170,000	(756,964,953)
			(24,570,000)	
STATEMENT OF CASH FLOWS				
Change in operating cash flows		(190,519,822)	(24,497,542)	(215,017,364)
Change in investing cash flows	b	(61,559,458)	93,639,000	32,079,542
Change in financing cash flows		199,172,740	(69,141,458)	130,031,282

- This misstatement pertains to recognition of goodwill on account of consolidating Al Dar Investment Fund in prior year as result of increasing the shareholding from 52% to 70%.
- This misstatement pertains to deferral of revenue and related cost in respect of maintenance obligation identified as part of the sales contracts with customers in accordance with IFRS. The error was made in one of the components i.e. Al Dar Investment Fund, in which the revenue and related cost in respect of performance obligation were not deferred over a period of 5 years rather were recorded in 2022G at gross amounts.
- Therefore the above have been corrected as a prior year adjustment in the separate financial statements of the component and the related impact have also been taken in these consolidated financial statements.



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31. MATERIAL PARTIALLY OWNED SUBSIDIARIES

31.1 Accumulated balances of non-controlling interests

	2023G SR	2022G SR
Al Dar Investment Fund	18,667,007	88,535,769
Jadet Al Rabea Real Estate Company	(1,097,965)	763,024
Jadet Al Shatea Real Estate Company	2,716,404	2,703,366
Al Narjis Investment Fund	45,332,362	47,372,084
	65,617,808	137,848,195

31.2 Movement in non-controlling interests

	2023G SR	2022G SR
At 1 January	137,848,195	181,333,745
Share of profit	19,586,987	32,885,655
Dividend distribution	(91,817,374)	(60,208,114)
Repurchase of NCI	-	(16,163,091)
At 31 December	65,617,808	137,848,195

31.3 Total comprehensive income allocated to material non-controlling interests

	2023G SR	2022G SR
Al Dar Investment Fund	21,948,612	32,623,539
Jadet Al Rabea Real Estate Company	(334,942)	(884,402)
Jadet Al Shatea Real Estate Company	13,037	2,574,434
Al Narjis Investment Fund	(2,039,720)	(1,427,916)
	19,586,987	32,885,655

31.4 Summarised financial information

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for the year ended 31 December 2023G

	Al Dar Investment Fund SR	Jadet AL-Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Revenue	726,960,971	-	-	-
Gain on the sale of financial asset at FVTPL / Other income	319,268	343,378	344,931	-
Operating costs	(584,092,248)	-	-	-
General and administrative expenses	(70,278,842)	(789,967)	(55,321)	(5,592,511)
Profit/(Loss) before Zakat	72,909,149	(446,589)	289,610	(5,592,511)
Zakat	-	-	(246,152)	-
Profit/(Loss) for the year	72,909,149	(446,589)	43,458	(5,592,511)
Attributable to non-controlling interest	21,948,612	(334,942)	13,037	(2,039,720)

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Notes to the consolidated financial statements (continued)

31 December 2023G

31. MATERIAL PARTIALLY OWNED SUBSIDIARIES (continued)

31.4 Summarised financial information (continued)

Summarised statement of profit or loss for the year ended 31 December 2022G

	Al Dar Investment Fund SR	Jadet AL-Rabea SR	Jadet AL-Shatea SR	Al Narjes Investment Fund SR
Revenue	606,874,625	-	90,441,000	-
Realised gain on the sale of financial asset at FVTPL	101,682	-	-	-
Operating costs	(489,946,666)	-	(81,123,652)	-
General and administrative expenses	(8,660,395)	(1,179,203)	(492,524)	(3,915,065)
Profit/(Loss) before Zakat	108,369,246	(1,179,203)	8,824,824	(3,915,065)
Zakat	-	-	(243,378)	-
Profit/(Loss) for the year	108,369,246	(1,179,203)	8,581,446	(3,915,065)
Attributable to non-controlling interest	32,623,539	(884,402)	2,574,434	(1,427,916)

Summarised statement of financial position as at 31 December 2023G

	Al Dar Investment Fund SR	Jadet AL-Rabea SR	Jadet AL-Shatea SR	Al Narjes Investment Fund SR
Properties under development	51,197,451	300,655,087	-	382,745,104
Due from related parties	-	14,559,374	9,373,625	-
Investment at FVTPL	44,037,976	-	-	-
Accounts and other receivables	17,114,651	22,038,950	54,367	4,247,406
Cash and cash equivalents	43,737,418	28,759,857	99,971	3,218,195
Long-term loans	-	-	-	(241,251,652)
Accounts payables, accruals & other credit balances	(26,613,043)	(203,985,359)	(63,374)	(329,575)
Due to related parties	(67,466,176)	(163,491,863)	-	(24,337,054)
Zakat provision	-	-	(409,910)	-
Total equity	62,008,277	(1,463,954)	9,054,679	124,292,424
Attributable to:				
Equity holders of parent	43,341,270	(365,989)	6,338,275	78,960,062
Non-controlling interest	18,667,007	(1,097,965)	2,716,404	45,332,362

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31. MATERIAL PARTIALLY OWNED SUBSIDIARIES (continued)

31.4 Summarised financial information (continued)

Summarised statement of financial position as at 31 December 2022G.

	Al Dar Investment Fund SR	Jadet AL-Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Properties under development	562,650,160	201,900,673		336,064,455
Due from related parties	13,720,000	-	3,023,925	
Accounts and other receivables	41,214,682	4,974,258	6,125,087	7,543,919
Cash and cash equivalents	72,319,032	264,695	179,712	23,898,043
Long-term loans	(245,828,569)	-	-	(226,251,652)
Accounts payables, accruals & other credit balances	(145,825,862)	(178,750)	(74,125)	(7,646,064)
Due to related parties	(4,150,315)	(207,488,362)	-	(3,723,766)
Zakat provision	-	(489,879)	(243,378)	-
Total equity	294,099,128	(1,017,365)	9,011,221	129,884,935
Attributable to:				
Equity holders of parent	205,563,359	(254,341)	6,307,855	82,512,851
Non-controlling interest	88,535,769	(763,024)	2,703,366	47,372,084

Summarised cash flow information for the year ended 31 December 2023G

	Al Dar Investment Fund SR	Jadet AL-Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Operating	46,342,766	28,495,162	(79,741)	(35,679,848)
Investing	475,904,188	-	-	-
Financing	(550,828,569)	-	-	15,000,000

Summarised cash flow information for the year ended 31 December 2022G

	Al Dar Investment Fund SR	Jadet AL- Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Operating	698,674,456	(114,623,931)	(374)	(334,901,957)
Investing	(297,615,779)	-	-	-
Financing	(341,705,873)	73,853,542	-	(358,800,000)

32. SUBSEQUENT EVENTS

32.1 A disclosure has been made for certain subsequent events and disclosed to its relevant notes. The management believes there have been no any other significant subsequent events since the year ended 31 December 2023G that would have material impact on the consolidated statement of financial position of the Group.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2023G

33. COMPARATIVE AMOUNTS

Certain of the prior period numbers have been reclassified to conform with the presentation of current year.

34. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on 15 Shawwal 1445 H (corresponding to 24 April 2024G) by the board of directors of the Group.



Dar Al Majid Real Estate Company and its
Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements and Independent
Auditor's Report
31 December 2022G



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
 Head Office
 Al Faisaliah Office Tower, 14th Floor
 King Fahad Road
 P.O. Box 2732
 Riyadh 11461
 Kingdom of Saudi Arabia

C.R. No. 1010383821
 Tel: +966 11 215 9898
 +966 11 273 4740
 Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dar Al Majid Real Estate Company (A Saudi Closed Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Dar Al Majid Real Company, a Saudi Closed Joint Stock Company, (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

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

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 20 Rabi Al-Awwal 1444H (corresponding to 16 October 2022).

Responsibilities of Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

Board of directors are 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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as board of directors 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, board of directors 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 board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dar Al Majid Real Estate Company (A Saudi Closed Joint Stock Company)
(continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.



Building a better
working world

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dar Al Majid Real Estate Company (A Saudi Closed Joint Stock Company)
(continued)

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

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.

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 11 Rabi Al-Thani 1445 H
26 October 2023





DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Financial Position
As at 31 December 2022G

	Note	2022G	2021G	1 January 2021G
		SR	Restated (Note 30.2) SR	Restated (Note 30.1) SR
ASSETS				
NON-CURRENT ASSETS				
Goodwill	4	24,497,542	-	-
Property and equipment	5	24,389,816	23,954,316	473,719
Right-of-use assets	6	915,999	1,373,372	1,830,745
Investment property	7	79,532,866	101,553,352	-
Inventory properties under development	8	1,396,076,018	852,231,486	-
Investment in an associate	9	113,599,909	69,506,240	47,228,427
Financial assets at fair value through profit or loss	10	34,614,631	61,284,486	-
TOTAL NON-CURRENT ASSETS		1,673,626,781	1,109,903,252	49,532,891
CURRENT ASSETS				
Inventory properties	8	275,787,985	335,248,990	415,266,165
Contract assets	11	18,256,485	-	-
Trade receivables	11	33,465,400	12,383,755	31,705,939
Prepayments and other current assets	12	108,836,570	149,475,602	32,231,536
Amounts due from related parties	13.1	14,369,699	60,325,022	91,066,480
Cash and cash equivalents	14	237,225,580	290,132,120	49,147,783
TOTAL CURRENT ASSETS		687,941,719	847,565,489	619,417,903
TOTAL ASSETS		2,361,568,500	1,957,468,741	668,950,794
EQUITY AND LIABILITIES				
EQUITY				
Share capital	15	300,000,000	300,000,000	300,000,000
Statutory reserve	16	46,316,044	33,647,765	4,963,295
Retained earnings		186,824,212	63,641,834	58,702,685
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		533,140,256	397,289,599	363,665,980
Non-controlling interest	31.2	145,244,762	181,333,745	-
TOTAL EQUITY		678,385,018	578,623,344	363,665,980
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and borrowings	17	950,579,878	700,331,183	-
Lease liability	6	792,639	1,551,193	2,293,350
Employee defined benefit liabilities	18	4,244,962	6,463,352	1,307,461
Contract liabilities	20	26,798,589	-	-
TOTAL NON-CURRENT LIABILITIES		982,416,068	708,345,728	3,600,811
CURRENT LIABILITIES				
Loans and borrowings	17	-	-	16,500,000
Lease liability	6	758,554	725,889	678,362
Trade and other payables	19	240,421,088	191,791,218	23,179,300
Contract liabilities	20	127,725,515	115,556,542	-
Amounts due to related parties	13.2	291,786,026	336,048,112	249,123,377
Zakat payable	21	40,076,231	26,377,908	12,202,964
TOTAL CURRENT LIABILITIES		700,767,414	670,499,669	301,684,003
TOTAL LIABILITIES		1,683,183,482	1,378,845,397	305,284,814
TOTAL EQUITY AND LIABILITIES		2,361,568,500	1,957,468,741	668,950,794

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

DAR AI MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Profit or Loss
For the year ended 31 December 2022G

	Note	2022G	2021G
		SR	Restated (Note 30.2) SR
Revenue from sale of completed inventory properties	22.1	759,806,717	741,686,156
Revenue from sale of land	22.1	204,191,839	237,136,861
Cost of sales – inventory properties	8	(780,134,953)	(672,421,861)
PROFIT ON INVENTORY PROPERTIES		183,863,603	306,401,156
Real estate commission income	22.1	33,152,944	16,118,690
Real estate development income	22.1	29,086,776	104,204,863
Operating cost – development and commission	22.2	(12,502,963)	(125,481,276)
PROFIT/(LOSS) ON REAL ESTATE DEVELOPMENT AND COMMISSION		49,736,757	(5,157,723)
Revenue from sale of investment property	22.1	39,587,480	-
Valuation gains from investment property	7	9,189,975	38,795,868
Cost of sales – investment property	22.2	(35,242,926)	-
GAINS ON INVESTMENT PROPERTY		13,534,529	38,795,868
Rental income	6	916,057	-
Right-of-use asset depreciation	6	(457,373)	(457,373)
NET RENTAL INCOME/(LOSS)		458,684	(457,373)
General and administrative expenses	23	(50,441,151)	(30,212,816)
Selling and marketing expenses		(13,179,095)	(7,724,745)
OPERATING PROFIT		183,973,327	301,644,367
Finance costs	24	(11,924,324)	(3,411,144)
Share of results of an associate	9	7,705,182	7,591,913
Other income	25	6,372,179	11,704,020
PROFIT FOR THE YEAR BEFORE ZAKAT		186,126,364	317,529,156
Zakat	21	(19,161,340)	(20,344,198)
PROFIT FOR THE YEAR		166,965,024	297,184,958
Attributable to:			
Equity holders of the parent		126,682,802	286,844,696
Non-controlling interest		40,282,222	10,340,262
		166,965,024	297,184,958

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022G

	Note	2022G	2021G
		SR	Restated (Note 30.2) SR
PROFIT FOR THE YEAR		166,965,024	297,184,958
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gain/(loss) on employee defined benefit liabilities	18.2	4,291,043	(3,063,894)
Share of other comprehensive income of an associate	9	4,876,812	1,164,327
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		9,167,855	(1,899,567)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		176,132,879	295,285,391
Attributable to:			
Equity holders of the parent		135,850,657	284,945,129
Non-controlling interest		40,282,222	10,340,262
		176,132,879	295,285,391

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022G

	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR	Non-Controlling interest SR	Total SR
Balance as at 1 January 2022G	300,000,000	33,647,765	63,641,834	397,289,599	181,333,745	578,623,344
Profit for the year	-	-	126,682,802	126,682,802	40,282,222	166,965,024
Other comprehensive income	-	-	9,167,855	9,167,855	-	9,167,855
Total comprehensive income	-	-	135,850,657	135,850,657	40,282,222	176,132,879
Transfer to statutory reserve	-	12,668,279	(12,668,279)	-	-	-
Dividends paid (note 31.2)	-	-	-	-	(60,208,114)	(60,208,114)
Movement in non-controlling interest	-	-	-	-	(16,163,091)	(16,163,091)
Balance as at 31 December 2022G	300,000,000	46,316,044	186,824,212	533,140,256	145,244,762	678,385,018
At 1 January 2021G – As previously reported	300,000,000	4,963,295	59,843,652	364,806,947	-	364,806,947
Prior periods adjustments (note 30.1)	-	-	(1,140,967)	(1,140,967)	-	(1,140,967)
At 1 January 2021G – As restated	300,000,000	4,963,295	58,702,685	363,665,980	-	363,665,980
Profit for the year as restated	-	-	286,844,696	286,844,696	10,340,262	297,184,958
Other comprehensive loss – As restated (note 30.2)	-	-	(1,899,567)	(1,899,567)	-	(1,899,567)
Total comprehensive income – As restated	-	-	284,945,129	284,945,129	10,340,262	295,285,391
Movement in non-controlling interest	-	-	-	-	185,183,483	185,183,483
Dividends paid (note 28 & 31.2)	-	-	(251,321,510)	(251,321,510)	(14,190,000)	(265,511,510)
Transfer to statutory reserve	-	28,684,470	(28,684,470)	-	-	-
Balance as at 31 December 2021G – As restated	300,000,000	33,647,765	63,641,834	397,289,599	181,333,745	578,623,344

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Cash Flows
For the year ended 31 December 2022G

	Note	2022G	2021G
		SR	Restated (Note 30.2) SR
OPERATING ACTIVITIES			
Profit for the year before zakat		186,126,364	317,529,156
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation on property and equipment	5	744,321	353,221
Depreciation on right of use asset	6	457,373	457,373
Gain from disposal of property and equipment		(5,944)	-
Valuation gains from investment properties	7	(9,189,975)	(38,795,868)
Gain on sale of investment property		(4,344,554)	-
Valuation gains from financial assets at FVTPL	10	(2,540,224)	(9,495,757)
Share of results of an associate	9	(7,705,182)	(7,591,913)
Finance cost		54,338,978	14,692,473
Provision for expected credit losses	11	4,130,804	-
Provision for employee defined benefit liabilities	18	2,290,293	2,174,270
		224,302,254	279,322,955
Working capital adjustments:			
Inventory property under development – non current		(543,844,532)	(116,791,486)
Inventory properties		59,461,005	80,017,175
Contract assets		(18,256,485)	-
Trade receivables		(25,212,449)	19,322,184
Prepayments and other current assets		40,639,032	(70,965,495)
Amounts due from related parties		45,955,323	30,741,458
Trade and other payables		38,114,084	130,882,011
Contract liabilities		38,967,562	115,556,542
Finance cost paid		(44,964,959)	(11,614,914)
Employee defined benefit liabilities paid	18	(217,640)	(82,273)
Zakat paid	21	(5,463,017)	(6,169,254)
Net cash flows (used in)/from operating activities		(190,519,822)	450,218,903
INVESTING ACTIVITIES			
Addition to property and equipment	5	(1,229,878)	(23,833,818)
Proceeds from disposal of property and equipment		56,001	-
Addition to investment property	7	(4,032,465)	(62,757,484)
Proceeds from sale of investment property		39,587,480	-
Purchase of financial assets at FVTPL		(22,438,533)	(31,651,792)
Proceeds from sales of financial assets at FV through profit or loss	10	20,136,937	-
Investment in an associate	9	-	(60,750,000)
Acquisition of additional interest / acquisition of a subsidiary	4	(93,639,000)	(148,583,772)
Net cash flows from / (used in) investing activities		(61,559,458)	(327,576,866)

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Consolidated Statement of Cash Flows (continued)
For the year ended 31 December 2022G

	Note	2022G	2021G
		SR	Restated (Note 30.2) SR
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		1,437,562,099	319,152,555
Repayments of loans and borrowings	17	(1,186,097,526)	(16,500,000)
Amounts due to related parties		(44,262,086)	(169,320,255)
Payment of a lease liability	6	(800,000)	(800,000)
Repurchase of non-controlling interest		52,978,367	-
Dividends paid	31.2	(60,208,114)	(14,190,000)
Net cash flows from financing activities		199,172,740	118,342,300
Net (decrease) / increase in cash and cash equivalents		(52,906,540)	240,984,337
Cash and cash equivalents at 1 January		290,132,120	49,147,783
Cash and cash equivalents at 31 December		237,225,580	290,132,120
SIGNIFICANT NON-CASH TRANSACTIONS:			
Dividends transferred to shareholders		-	251,321,510
Transfer from prepayments to investments in financial asset held at FVTPL		-	18,317,940
Finance and transaction cost capitalised	24	(43,412,750)	(11,526,930)
Investment in FVTPL transferred to investment in associate	10	(31,511,675)	-

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Notes to the consolidated financial statements
31 December 2022G

1. CORPORATE INFORMATION

Dar Al Majid Real Estate Company was established as a closed Saudi Joint Stock Company ("Company" or the "parent Company") under the companies law in the kingdom of Saudi Arabia under commercial register No. 1010417874 issued on 20 Shaaban 1435h corresponding to 8 June 2014.

The Company and its subsidiaries are engaged in the general construction of residential buildings, construction of prefabricated buildings on sites, renovations of residential and non-residential buildings, purchase and sale of land and real estate, division and off-plan sales activities, management and rent of owned or leased real estate (residential and non-residential), management and operation of hotel apartments and real estate management activities for a commission.

(a) Consolidated Subsidiaries

These consolidated financial statements include the financial statements of the Company and the following subsidiaries (collectively the "Group"):

Name	Country of Incorporation	% of shareholding	
		2022G	2021G
Mohammed and Khalid sons of Abdul Rahman Al Majid Real Estate Company (1)	Saudi Arabia	100%	100%
Hossam and Majed sons of Abdul Rahman Al Majed Real Estate Company (2)	Saudi Arabia	100%	100%
Fikra Estesmar for Real Estate Development Company (3)	Saudi Arabia	100%	100%
Nibras Al Amaken for Real Estate Development Company (4)	Saudi Arabia	100%	100%
Taj Al Hudo for Real Estate Development Company (5)	Saudi Arabia	100%	100%
Al Raayea Real Estate Company (6)	Saudi Arabia	100%	100%
Jadet Al Shatea Real Estate Company (7)	Saudi Arabia	70%	70%
Jadet Al Rabea Real Estate Company (8)	Saudi Arabia	25%	25%
Al Majdiah Investment Fund (9)	Saudi Arabia	100%	-
Al Dar Investment Fund (10)	Saudi Arabia	70%	52%
Al Narjis Investment Fund (11)	Saudi Arabia	64%	-

- During the year 2020G, the Company acquired Mohammed and Khalid sons Abdul Rahman Al Majid Real Estate Company is a limited liability company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010159804 issued on 25 Rabi al awwal 1421h corresponding to 27 June 2000.

The Company's activity is represented in the general construction of residential buildings, renovations of residential and non-residential buildings, ground transportation of goods, purchase and sale of land and real estate, its division, off-plan sales activities, management, and rental of owned or leased residential real estate, rental of owned or leased non-residential real estate.

- During the year 2020G, the Company acquired Husam and Majid sons of Abdul Rahman Al Majid Real Estate Company is a limited liability company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010425491 issued on 1 Dhu al Hijjah 1435h corresponding to 5 October 2014.

The Company's activity is represented in the general construction of residential buildings, renovations of residential and non-residential buildings, purchase and sale of land and real estate, division and off-plan sales activities, management and rental of owned or leased real estate (Residential), Management and rental of owned or leased real estate (non-residential), activities of real estate agents brokers (auctioneers offices), real estate management activities for a commission, non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

- During the year 2020G, the Company acquired Fikra Estesmar for Real Estate Development Company is a limited liability company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010569523 issued on 27 Rajab 1440h corresponding to 3 April 2019G.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2022G

1. CORPORATE INFORMATION (continued)

(a) Consolidated Subsidiaries (continued)

The Company's activity consists in the construction of prefabricated buildings on sites, real estate development of residential buildings with modern construction methods, real estate development of commercial buildings with modern construction methods, purchase and sale of land and real estate, division and off-plan sales activities, management and leasing of owned or leased real estate (Residential), Management and leasing of owned or leased real estate (non-residential), management and operation of hotel apartments, non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

4. During the year 2020G, the Company acquired Nibras Al Amaken for Real Estate Development Company is a limited liability company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010587134 issued on 11 Dhu al-Qa'dah 1440h corresponding to 14 July 2019G.

The Company's activity is represented in the real estate development of residential buildings with modern construction methods, real estate development of commercial buildings with modern construction methods, purchase and sale of land and real estate, division and off-plan sales activities, management and leasing of owned or leased real estate (Residential), Management and leasing of owned or leased real estate (non-residential), non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

5. During the year 2020G, the Company acquired Taj Al Hudo for Real Estate Development Company with limited liability under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010586987 issued on 8 Dhu al-Qaida 1440h corresponding to 11 July 2019G.

The Company's activity consists in real estate development of residential buildings with modern construction methods, real estate development of commercial buildings with modern construction methods, purchase and sale of real estate land, division and off-plan sales activities, management and leasing of owned or leased real estate (Residential), Management and leasing of leased owned real estate (non-residential), management and operation of hotel apartments non-Saudis are not entitled to practice real estate activities in Mecca and Medina.

6. During the year 2021G, the Company established Al Raayea Real Estate Company a one-person Limited Liability Company under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010697309 issued on 18 Shaban 1442 AH (corresponding to March 31, 2021G).

The Company's activity is represented in the general contracting of residential buildings with modern construction methods, buying and selling real estate land, its division and off-plan sales activities.

7. During 2021G, the Company acquired 350 shares (out of a total of 500 shares) in Jadet Al Shatea Real Estate Company with limited liability under the companies law in the kingdom of Saudi Arabia under commercial registration No. 4030381446 issued on 09 Shawwal 1441 AH (corresponding to June 1, 2020G).

The Company is engaged in general contracting of residential buildings with modern construction methods, purchase and sale of real estate land, division and off-plan sales activities of lands.

8. During the year 2021G, the Company participated in the establishment of Jadet Al Rabea Real Estate Company with limited liability under the companies law in the kingdom of Saudi Arabia under commercial registration No. 1010662510 dated 3 Rabi al awwal 1442h (corresponding to October 20, 2020G). Dar Al Majid Real Estate Company owns 25 cash shares out of a total of 100 cash shares in Jadet Al Rabea Real Estate Company. The remaining shares are held in the name of nominees on behalf of the Group. The nominees have confirmed in writing that the Parent Company is the beneficial owner of the shares in these subsidiaries.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2022G

1. CORPORATE INFORMATION (continued)

(a) Consolidated Subsidiaries (continued)

9. During the year, the Company participated in the establishment of the Al Majdiah Investment fund, a closed real estate investment fund that complies with Shariah standards and controls and was established by Jadwa Investment Company (the "fund manager"), which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. Dar Al Majid Real Estate Company owns 1,000,000 units out of a total of 1,000,000 units in Al Majdiah Investment Fund. The Fund has a term of 3 periods, which is extendable two times for another one year for each extension, on the discretion of the Fund Manager after the approval of Capital Market Authority ("CMA").
10. During the year 2020G, the Company subscribed in Al Dar Investment Fund, a closed real estate investment fund that complies with Shariah standards and controls and was established by Jadwa Investment Company which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. As of 31 December 2022G, Company directly owns 27% and indirectly owns 43% through Al Majdiah Investment fund. The Fund has a term of 3 periods, which is extendable two times for another one year for each extension, on the discretion of the Fund Manager after the approval of CMA.
11. During the year, the Company subscribed in Al Narjis Investment Fund, a closed real estate investment fund that complies with Shariah standards and controls and was established by Jadwa Investment Company which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. As of 31 December 2022G, Company indirectly owns 64% through Al Majdiah Investment fund. The Fund has a term of 3 periods, which is extendable two times for another one year for each extension, on the discretion of the Fund Manager after the approval of CMA.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in Saudi Arabia and other standards and pronouncement issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) (referred to thereafter as "IFRS as endorsed in KSA").

2.1.2 Historical cost convention

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investment property, financial assets held at fair value through profit or loss that have been measured at fair value, and end of service benefits that have been measured at Projected Unit Credit Method.

2.1.3 Basis of measurement

These consolidated financial statements are presented in Saudi Riyal ("SR"), which is the Group's functional and presentation currency. These consolidated financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022G. Control is achieved 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:

- A. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- B. Exposure, or rights, to variable returns from its involvement with the investee; and
- C. The ability to use its power over the investee to affect its returns.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

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:

- A. The contractual arrangement(s) with the other vote holders of the investee;
- B. Rights arising from other contractual arrangements; and
- C. 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.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests (if any), 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 into 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 profit or loss. Any investment retained is recognised at fair value.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022G. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These amendments had no material impact on the Group and are as follows:

Standards	Description
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to Conceptual Framework
Amendments to IAS 16	Property, Plant, and Equipment: Proceeds before Intended Use
Amendments to IFRS 1	First-time Adoption of International Financial Reporting Standards -Subsidiary as a first-time adopter
Amendments to IFRS 9	Financial Instruments – Fees in the “10%” test for derecognition of financial Liabilities

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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Notes to the consolidated financial statements (continued)

31 December 2022G

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.1 Business combination and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.4.2 Investment in associate

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 or joint control over those policies.

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. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss 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. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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 of the associate and its carrying value, and then

recognises the loss within 'Share of result of an associate' in the statement of profit or loss.

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 profit or loss.

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Notes to the consolidated financial statements (continued)
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.3 Current versus non-current classification

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;
- Held primarily for the purpose of trading;
- Expected to be realized 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 held primarily for the purpose of trading;
- 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.

2.4.4 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position.

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 based on the presumption that the transaction takes place either in the principle market or, in its absence, the most advantageous market for the asset and liability to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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 maximising 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 prices (unadjusted) 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



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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Notes to the consolidated financial statements (continued)
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.4 Fair value measurement (continued)

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets. Involvement of external valuers is determined annually by the Audit and Risk Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated regularly.

The investment team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment properties
- Financial instruments (including those carried at amortized cost)

2.4.5 Property and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses. Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs (if any) for long-term projects if the recognition criteria are met. When significant parts of property and equipment 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 property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred.

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

Buildings	20 years
Leasehold improvements	10 years
Motor vehicles	5 years
Furniture and office equipment	6.67 - 10 years
Computers, programs and electronic devices	6.67 - 10 years

An item of property and equipment is derecognised upon disposal (i.e the date the recipient obtains control) or when no future economic benefits are expected from its use. 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 profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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Notes to the consolidated financial statements (continued)

31 December 2022G

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.6 Investment properties

Investment property comprises completed property and property under development or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises principally retail property that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. This property is rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise

Transfers are made to (or from) investment property only when there is evidence of a change in use (such as commencement of development or inception of an operating lease to another party). For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to inventories) or inception of an operating lease to another party (for a transfer from inventories to investment property).

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

2.4.7 Inventory properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property, is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.



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Notes to the consolidated financial statements (continued)

31 December 2022G

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.7 Inventory properties (continued)

When a property for development and land is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of the inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

2.4.8 Non-current assets held for sale

The Group classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

2.4.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Group applies individual recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease Payment and right-of-use assets representing the right to use the underlying assets.

A. 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 accordance 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Category of Right-of-use assets	Lease term
Building	4 years

The right-of-use assets are also subject to impairment.

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Notes to the consolidated financial statements (continued)

31 December 2022G

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.9 Leases (continued)

B. Lease Liabilities

At the commencement date of the lease, the Group as a 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 recognized as expense in the year 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.

C. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.4.10 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate (where applicable) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of profit or loss.



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Notes to the consolidated financial statements (continued)

31 December 2022G

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.10 Impairment of non-financial assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss.

2.4.11 Financial instruments

Recognition and initial measurement

Account receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Accounts receivables without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Group has implemented following classifications for its financial assets:

Financial statement line item	IFRS 9 classification
Trade and other receivables	Amortised cost
Cash and cash equivalents	Amortised cost
Financial assets at fair value through profit or loss	Fair value

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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Notes to the consolidated financial statements (continued)
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.11 Financial instruments (continued)

Financial assets at amortised cost (debt instrument)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes accounts receivables and Murabaha receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investment in equity instruments and discretionary portfolios under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes units of funds. Dividends from funds are also recognised as income in consolidated statement of profit or loss when the right of payment has been established.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2022G

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.11 Financial instruments (continued)

Impairment of financial assets

The Group assesses all information available, including a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and debt instruments measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring at the asset as at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward looking information.

Expected credit loss assessment for accounts receivables

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

Over the term of the Murabaha receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each borrower and adjusts for forward looking macroeconomic data.

Write-off and control

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Classification of financial liabilities

The Group classifies its financial liabilities including long term borrowings, Murabaha financings and trade payables, other than financial guarantees and loan commitments, all financial liabilities are recognized initially at fair value and in the cost of loans and borrowings and payables net of transactions cost. The group financial liability included other payables and borrowing and, subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss. 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. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Accounts and other payables represent liabilities for goods or services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Modifications of financial assets and financial liabilities

Financial assets

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

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31 December 2022G

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.11 Financial instruments (continued)

Modifications of financial assets and financial liabilities (continued)

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of profit or loss.

Financial liability

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

2.4.12 Employees' benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employee benefits are payable to all employees employed under the terms and conditions of the Labour Laws applicable on the Group and its subsidiaries, on termination of their employment contracts.

Defined benefit plans

In addition to the above, Employees' defined benefit liabilities are provided for in accordance with the requirements of the Saudi Arabian Labour Law and the Group's policies. These Employees' defined benefit liabilities represent a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit liability recognised in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit obligation (DBO) at the statement of financial position date. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. Re-measurement amounts, if any, are recognised and reported within equity under the consolidated statement of changes in shareholders' equity with corresponding debit or credit to OCI that comprises of actuarial gains and losses on the defined benefits obligation.

2.4.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

DAR AI MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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Notes to the consolidated financial statements (continued)

31 December 2022G

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.13 Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current 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. If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

2.4.14 Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Group.

2.4.15 Borrowing costs

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

2.4.16 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. The group has concluded that it is principal in its arrangement because it controls the goods or services before transferring them to the customer.

The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either:

- A. good or service that is distinct; or
- B. series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct good or service is satisfied over the time and the same method is used to measure progress).

The Group satisfies a performance obligation and recognises revenue over time, if the following criteria is met:

- A. The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.
- B. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- C. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For the performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied

When the Group satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of the consideration earned by the performance. Where the amount consideration received from a customer exceeds the amount of services recognised, this gives rise to the contract liabilities.

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Notes to the consolidated financial statements (continued)
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.16 Revenue recognition (continued)

Variable Consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group is entitled in exchange for transferring the promised goods or services to a customer. The Group estimates the transaction price on contracts with variable consideration using the expected value or most likely amount method. The method is applied consistently throughout the contract and to similar types of contracts.

Significant financing component

The Group adjusts the promised amount of consideration for the time value of money if the contract contains a significant financing component.

Measuring progress towards complete satisfaction of a performance obligation

For each performance obligation that is satisfied over time, the Group applies a single method of measuring progress toward complete satisfaction of the obligation. The Group selects an appropriate output or input method and then consistently applies it to similar performance obligations and in similar circumstances.

Contract costs

Any incremental cost of obtaining a contract is recognised as an expense unless the Group has a reasonable expectation to recover these costs from its customers and in cases where these costs are explicitly chargeable to the customers.

2.4.17 Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the consolidated statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

2.4.18 Value added tax "VAT" and Real estate transaction tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value of added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; &
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

The disposal of real estate in the Kingdom of Saudi Arabia by way of certain transactions resulting in a transfer of legal ownership or possession will be VAT exempt and subject to a 5% real estate transaction tax ("RETT"). RETT is applicable on the transaction that took place on or after 4 October 2020G. However, as per the RETT law, the licensed real estate developer can recover input VAT on the property sold after 4 October 2020G.

2.4.19 Dividends distribution

The Group establishes the obligations related to paying the cash dividends to the Company's Shareholders when approving the distribution. According to the Saudi Arabian Regulations for Companies, dividends are approved upon approval by the Shareholders. The corresponding amount is directly recognized in equity.

2.4.20 Selling, distribution, general and administration Expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of revenues and selling, distribution, general and administration expenses, when required, are made on a consistent basis. The Group charges the payments, other than those related to volume-based rebates, made in respect of long-term agreements with customers and distributors to selling and distribution expense.

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Group's consolidated financial statements, in conformity with IFRS as endorsed in KSA requires the use of judgements, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the consolidated statement of financial position date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Judgements

Information about judgement made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following note:

Property lease classification

Group as a lessor:

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Determining the transfer of control for recognition of revenue from rendering of services

Revenue from rendering of services is recognised when the services have been rendered to the customer. In making this assessment, the Group has exercised judgment based on the terms and conditions of the underlying contracts. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2022G is included in the following notes.

Fair valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2022G and 31 December 2021G. Further where comparable market data is available, the Group revalue the property by relevance to transaction involving the properties of similar nature location and conditions. The Group engaged an independent valuation specialist to assess the fair values as at 31 December 2022G and 31 December 2021G.

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Notes to the consolidated financial statements (continued)

31 December 2022G

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Judgements (continued)

Defined benefit liability

The Group's net obligation in respect of defined benefit liability is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation is determined based on actuarial valuation at the statement of financial position date by an independent actuary using the Projected Credit Unit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. In Kingdom of Saudi Arabia, the discount rates used for determining the present value of the obligation under defined benefit plan are determined by reference to US bond yields, (as the Saudi Riyal is pegged to the US dollar) adjusted for an additional risk premium reflecting the possibility of the linkage being broken. Other assumptions include mortality rate, future salary increase and future pension increase.

Equity accounting of investment in associate in which the Group holds less than 50% of voting right (de facto control)

First Avenue Real Estate Development Company is an associate to the Group as described in note 9 even though the Group only owns 17.57% interest in the associate. Significant influence arises by virtue of the Group's representation in the board of directors of the associate.

3.2 Assumptions and estimation uncertainties

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Net assets value ("NAV"). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF 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 assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Estimation of net realisable value for inventory property

Inventory property is stated at the lower of cost and net realisable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same geographical market serving the same real estate segment. NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

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Notes to the consolidated financial statements (continued)

31 December 2022G

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Assumptions and estimation uncertainties (continued)

Estimate of useful lives and residual values

The useful life used to amortise or depreciate intangible assets or property and equipment respectively relates to the expected future performance of the assets acquired and management's judgement based on technical evaluation of the period over which economic benefit will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. An asset's expected life residual value has a direct effect on the depreciation charged in the consolidated statement of profit or loss. The useful lives and residual values of Group's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Impairment loss on trade and other receivables

Accounts and other receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience adjusted appropriately for the future expectations. Individual receivables are written off when management deems them not to be collectible.

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 remeasurement 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

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 the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in finance charges.

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Notes to the consolidated financial statements (continued)

31 December 2022G

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Assumptions and estimation uncertainties (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of real estate (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE AND OTHER AMENDMENTS

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

Standards	Description	Mandatory effective date
IFRS 17	Insurance Contracts	1 January 2023G
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023G
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023G
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023G



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4. GOODWILL

During the year 2020G, the Group subscribed in Al Dar Investment Fund, a closed real estate investment fund that complies with Shariah standards and was established by Jadwa Investment Company which is a Saudi Closed Joint Stock Company under commercial registration No. 1010228782. As of 31 December 2022G, Company directly owns 27% and indirectly owns 43% through Al Majdiah Investment fund. During the year upon acquisition of additional non control interest (NCI) stake of 18% which was recognized at fair value based on the adjusted net assets value which has resulted in the goodwill.

The carrying values of net assets on the date of acquisition are as follows:

	2021G SR
Non-current asset	
Properties under development	735,440,000
Current assets	
Financial assets at fair value through profit or loss	20,136,937
Value added tax receivable	46,278,571
Bank balances	12,966,228
Total assets (A)	814,821,736
Non-current liability	
Long-term loan	384,356,535
Current liabilities	
Trade and other payable	34,599,539
Due to a related party	7,005,412
Accrued management fee	3,130,368
Total liabilities (B)	429,091,854
Net asset of Al Dar Investment Fund (A - B)	385,729,882
Consideration paid during the year	93,639,000
Less: Fair value of additional non-controlling interest acquired (18%)	(69,141,458)
Goodwill	24,497,542

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5. PROPERTY AND EQUIPMENT

	Land (Note 5.1) SR	Buildings SR	Leasehold improve- ments SR	Motor vehicles SR	Furniture and office equipment SR	Computers, programs, and electronic devices SR	Total SR
Cost							
As on 1 January 2021G	-	-	-	607,975	559,907	122,423	1,290,305
Additions	18,411,250	3,588,750	601,950	171,698	264,811	795,359	23,833,818
As on 31 December 2021G	18,411,250	3,588,750	601,950	779,673	824,718	917,782	25,124,123
Additions	-	-	190,680	110,765	159,286	769,147	1,229,878
Disposal	-	-	-	(109,050)	-	-	(109,050)
As on 31 December 2022G	18,411,250	3,588,750	792,630	781,388	984,004	1,686,929	26,244,951
Accumulated depreciation							
As on 1 January 2021G	-	-	-	314,546	459,743	42,297	816,586
Charge for the year	-	92,816	32,436	78,105	63,178	86,686	353,221
As on 31 December 2021G	-	92,816	32,436	392,651	522,921	128,983	1,169,807
Charge for the year	-	179,438	67,827	98,134	84,300	314,622	744,321
Disposal	-	-	-	(58,993)	-	-	(58,993)
As on 31 December 2022G	-	272,254	100,263	431,792	607,221	443,605	1,855,135
Net book value							
As at 31 December 2021G	18,411,250	3,495,934	569,514	387,022	301,797	788,799	23,954,316
As at 31 December 2022G	18,411,250	3,316,496	692,367	349,596	376,783	1,243,324	24,389,816

- 5.1 The legal possession of land deed is in the name of two shareholders, due to the inability to transfer the ownership of the property to Dar Al-Majid Real Estate Company ("Parent") due to the suspension issued by the authorities for transferring the title deeds to the new owners relating to Al-Qirawan district. The shareholders have confirmed that this land is registered in their name for statutory purpose only and they confirmed the ownership of the land to the Group.

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6. LEASES

The Group has a lease contract for residential building, with a lease term of 4.5 years including rent free period. Set out below are the carrying amount of right-of-use asset recognised and the movement during the year:

	2022G	2021G	1 January 2021G
	SR	Restated (Note 30.2) SR	Restated (Note 30.1) SR
As at 1 January	1,373,372	1,830,745	-
Addition	-	-	2,076,348
Depreciation expense	(457,373)	(457,373)	(245,603)
As on 31 December	915,999	1,373,372	1,830,745

Set out below are the carrying amount of lease liability recognised and the movement during the year:

	2022G	2021G	1 January 2021G
	SR	Restated (Note 30.2) SR	Restated (Note 30.1) SR
As at 1 January	2,277,082	2,971,712	-
Addition	-	-	2,902,295
Accretion of interest (note 24)	74,111	105,370	69,417
Payment	(800,000)	(800,000)	-
At 31 December	1,551,193	2,277,082	2,971,712
Current	758,554	725,889	678,362
Non-current	792,639	1,551,193	2,293,350

The following are the amounts recognised in consolidated profit or loss:

	2022G	2021G	1 January 2021G
	SR	Restated (Note 30.2) SR	Restated (Note 30.1) SR
Depreciation expense of right-of-use asset	457,373	457,373	245,603
Interest expense on lease liability	74,111	105,370	69,417
Total amount recognized in profit or loss	531,484	562,743	315,020

The Group had total cash outflows for lease of SR. 800,000 in 2022G (2021G: SR. 800,000). The Group also had non-cash additions to right-of use asset and lease liability of SR. Nil in 2022G (2021G: SR. Nil).

Group as a lessor

The Group has entered into operating leases on its storage space. These leases are short term leases. Rental income recognised by the Group during 2022G is SR 0.9 million (2021G: SR Nil).

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7. INVESTMENT PROPERTY

	2022G SR	2021G SR
Land	79,532,866	101,553,352
	79,532,866	101,553,352

7.1 Movement in investment property

	2022G SR	2021G SR
As on 1 January	101,553,352	-
Capital expenditure on owned property	4,032,465	62,757,484
Disposals (recognized in cost of sales) (note 22.2)	(35,242,926)	-
Remeasurement adjustment	9,189,975	38,795,868
As on 31 December	79,532,866	101,553,352

a) Description of significant observable inputs to valuation

The significant unobservable inputs used in the fair value measurements of investment properties categorised within Level 2 of the fair value hierarchy as at 31 December 2022G and 31 December 2021G are as follows:

Investment property	Valuation technique	Significant unobservable inputs	Description of valuation technique
Land	Comparable market approach	Plot size Land area	Using this method, the market survey is done by valuer for similar land plots founded in the surrounding area and similar to targeted land by area size and in the same district.

The fair value of land in Al Rimal district in Riyadh, Saudi Arabia is valued using the market comparable approach.

Under market comparable approach, a property's fair value is estimated based on the market comparison between the property being valued and similar ones located in the same area and newly sold, and the value index of the property being value is derived from applying appropriate comparison units and making adjustments to the sale prices of similar properties based on comparative elements.

The valuations were performed by Ghada Al-Edreesy Professional Consulting Company, an independent valuer with a recognised and relevant professional qualification and recent experience of the location and category of the investment property being valued and accredited from Saudi Authority for Accredited Valuers ("TAQEEM") under membership number 1210000820. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation model is consistent with the principles in IFRS 13. More information about the fair value measurement is set out in note 27.

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8. INVENTORY PROPERTIES

The Group has subsidiaries that develops residential properties, which they sell in the ordinary course of business and has entered into contracts to sell certain of these properties. The Group classified all properties as current asset which are expected to be completed and sold in the next reporting period as current, except for properties under development and are not expected to be completed in the next reporting period.

A summary of movement in inventory property is set out below.

	2022G SR	2021G Restated (Note 30.2) SR
At 1 January	1,187,480,476	415,266,165
Development costs incurred	1,221,105,730	1,416,321,538
Borrowing cost capitalized (note 8.1 and 24)	43,412,750	11,526,930
Transferred to related parties		(6,778,285)
Disposals (recognized in cost of sales) (note 22.2)	(780,134,953)	(648,855,872)
	1,671,864,003	1,187,480,476
Inventory properties expected to be completed and sold within the next 12 months	275,787,985	335,248,990
Inventory properties under development not expected to be completed and sold within the next 12 months	1,396,076,018	852,231,486

8.1 Borrowing costs capitalised

The Group has 35 ongoing projects as at 31 December 2022G (2021G: 26). These projects are expected to be at different intervals ranging from form 1-4 years. The carrying amount of these project at 31 December 2022G was SR 1,671.8 million (2021G: SR 1,187.4 million).

All these projects are financed by loans and borrowings available to the group. Two real estate properties are secured as mortgage with a value of 150% of the financing amount with Riyadh bank. One land in Narjis district is collateralised with Banque Saudi Fransi with a fair value of SR 369 million (note 17).

The amount of borrowing costs capitalised during the year ended 31 December 2022G was SR 43.4 million (2021G: SR 11.5 million). The rate used to determine the amount of borrowing costs eligible for capitalisation for these projects ranges between 1.8% – 12.3%, which is the EIR of the specific borrowing.

8.2 The amounts recognized in cost of sales - inventory properties for the year are as follows:

	2022G SR	2021G Restated (Note 30.2) SR
In respect of sale of completed inventory properties (note 22.2)	588,571,632	525,309,188
In respect of sale of lands (note 8.2.1 & 22.2)	191,563,321	123,546,684
In respect of other operating cost for the onerous contract provision (note 22.2)	-	23,565,989
	780,134,953	672,421,861

8.2.1 The above represents lands held for sale and classified as inventory properties.

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9. INVESTMENT IN AN ASSOCIATE

The Group has a 17.57% interest in First Avenue Real Estate Development Company, which is involved in real estate development activities in Saudi Arabia. First Avenue Real Estate Development Company is a limited liability company that is not listed on any public exchange. The Group's interest in First Avenue Development Company is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in First Avenue Real Estate Development Company.

	2022G SR	2021G SR
Current assets	148,506,441	49,816,875
Non-current assets	263,357,328	145,480,122
Current liabilities	(87,128,490)	(24,732,104)
Non-current liabilities	(45,423,135)	(49,077,482)
Equity	279,312,144	121,487,411
Group's share in equity – 17.57% (2021G: 15%)	49,075,144	18,223,112
Group's share in results	12,581,994	8,756,240

	2022G SR	2021G SR
Revenue	248,402,041	242,767,860
Cost of revenue	(197,329,748)	(183,808,497)
Gross profit	51,072,293	58,959,363
Net operating profit	46,006,488	52,027,547
Net profit before zakat	44,961,801	52,373,456
Net profit for the year	43,833,843	50,612,752
Total comprehensive income	71,577,436	58,374,933
Group's share of income	12,581,994	8,756,240

A summary of movement in investment in an associate is set out below.

	2022G SR	2021G Restated (Note 30.2) SR
At 1 January	69,506,240	-
Additions (note 9.1)	31,511,675	60,750,000
Share in profit and loss	7,705,182	7,591,913
Share in other comprehensive income	4,876,812	1,164,327
	113,599,909	69,506,240

9.1 Effective 1 September 2021G, the Group acquired 15% equity of First Avenue Real Estate Development Company for a total consideration of SR 60.75 million. On 22 November 2022G, the Group entered into an agreement with the Investee to buy an additional 484,795 shares at a price of SR 65 per share and total value of SR 31.5 million in exchange for 2,442,578 units in Al Shorfa Investment Fund at a price of SR 12.9 per unit shares and a total value of SR 31.5 million resulting in the Group's total shareholdings to 17.57% as at year end (note 10).

9.2 The associate has capital commitment related to properties under development amounting to SR. 38.6 million (31 December 2021G: SR. 109.3 million).



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10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022G	2021G
	SR	Restated (Note 30.2) SR
Real estate funds (note 10.1)	31,184,280	39,501,513
Listed equity shares (note 10.2)	3,430,351	1,646,136
Murabaha fund (note 10.3)	-	20,136,837
	34,614,631	61,284,486

The movements during the year were as follows:

	2022G	2021G
	SR	Restated (Note 30.2) SR
As at 1 January	61,284,486	-
Addition	22,438,533	51,788,729
Disposal	(51,648,612)	-
Valuation gains (note 25)	2,540,224	9,495,757
As at 31 December	34,614,631	61,284,486

The breakup of additions, disposal and valuation gains is as follows:

	2022G	2021G
	SR	Restated (Note 30.2) SR
Additions		
Real estate funds	22,000,000	50,533,627
Listed equity shares	438,533	1,255,102
Disposals		
Real estate funds	31,511,675	-
Murabaha fund	20,136,937	-
Valuation gains		
Real estate funds (note 10.1)	1,194,441	8,967,886
Listed equity shares (note 10.2)	1,345,783	390,934
Murabaha fund (note 10.3)	-	136,937

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10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

10.1 The group has investments in three real estate funds as at 31 December 2022G i.e. Al Shorfa Investment Fund, Bloom Investment Fund and Al Dar Investment Fund II, amounting to SR 8.6 million, SR 1.1 million and SR 20.56 million respectively. During the year, SR 2 million and SR 20 million were invested in Bloom Investment Fund and Al Dar Investment Fund II and SR 31.5 million were exchange in Al Shorfa Investment Fund for additional stake in an associate (note 9).

The total unrealized gain on the above real estate funds amounted to SR 1.2 million during the year ended December 2022G (2021G: SR 8.9 million).

10.2 The group has invested in four of the listed securities i.e. Elm Company, Power and Water Utility Company, Solutions by STC and ACWA Power amounting SR 3.4 million (2021G: SR 1.6 million).

The total unrealized gain on the above listed equity shares amounted to SR 1.3 million during the year ended December 2022G (2021G: SR 0.4 million).

10.3 The group had investment in units of Jadwa Saudi Riyal Murabaha Fund - Class A managed by Jadwa Investment Company, with cost amounting to SR 20 million. During the year ended 31 December 2022G, all of the units in the fund have been sold amounting to SR 20.1 million.

11. TRADE RECEIVABLES AND CONTRACT ASSETS

	2022G SR	2021G SR
Trade receivables (note 11.1)	38,951,997	13,739,548
Less: Provision for expected credit losses	(5,486,597)	(1,355,793)
	33,465,400	12,383,755

11.1 Trade receivables as at 31 December 2022G includes SR 8 million (31 December 2022G: Nil) relating to sale of land in one of subsidiary in nature of investment property, which is settled in full subsequently.

Terms and conditions of the above financial assets:

Trade receivables are non-interest bearing and are generally on terms of 30 days. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Movement of provision for expected credit losses	2022G SR	2021G SR
As of 1 January,	1,355,793	1,355,793
Charge for the year (note 23)	4,130,804	-
As of 31 December,	5,486,597	1,355,793

	2022G SR	2021G SR
Contract assets	18,256,485	-

Contract assets are initially recognised for revenue earned from real estate development and management services rendered but yet to be billed to customers. Upon billing of invoice, amounts that are recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2022G is mainly due to the increase in ongoing real estate development at the end of the current year compared to prior year. Subsequent to year end, the whole amount of SR 18.3 million has been billed to customers.



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12. PREPAYMENTS AND OTHER CURRENT ASSETS

	2022G	2021G
	SR	Restated (Note 30.2) SR
VAT receivable (note 12.1)	78,755,781	95,457,778
Advances to suppliers	14,287,279	49,209,266
Prepayments	10,243,534	644,958
Employees receivable	1,745,224	1,356,497
Real estate tax (note 12.2)	1,641,511	2,278,065
Others	2,163,241	529,038
	108,836,570	149,475,602

12.1 The above VAT receivable is relating to inputs for purchase of good and services. Subsequent to year end, the Group has submitted its VAT declaration, the tax advisor and the management of the Group are confident that the above amounts will be reimbursed within the statutory time frame.

12.2 The above tax represents real estate tax deducted by vendors on purchase of land and it is computed based on 25% of the land value. Subsequent to year end, the Group has submitted its related declaration, the tax advisor and the management of the Group are confident that the above amounts will be reimbursed within the statutory time frame.

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13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

13.1 Amounts due from related parties

Name of related parties	Relationship	Nature of transaction	Amount of transaction		Balance	
			2022G SR	2021G SR	2022G SR	2021G Restated (Note 30.2) SR
Mohammed Ibrahim Almajid	Related party to shareholder	Sale of land	-	7,950,817	7,950,817	7,950,817
Shareholders (note 13.1)	IPO recoverable debts	IPO expenses	4,384,744	-	4,384,744	-
First Avenue Real Estate Development Company	Associate	Collections received	(26,138,122)	-	1,980,400	28,118,523
		Land purchased on behalf	-	(67,330,719)		
		Payment against land	-	67,415,066		
		Revenue from services rendered	-	28,546,607		
Nader Hassan Atallah Alomari	Shareholder	(Collections received)/ withdrawals	(400,000)	400,000	-	400,000
Dar Almajid Holding Company	Majority shareholder	Expenses paid on behalf	24,788	-	24,788	-
Amar Investment Holding Company	Related party to shareholder	Expenses paid on behalf	18,291	746	19,037	746
Maskan Al Rafah Real Estate Company	Related party to shareholder	Expenses paid on behalf	7,768	57	7,825	57
Almajid Aloula Real Estate Company	Shareholder	Expenses paid on behalf	-	2,088	2,088	2,088
Mohammed Abdelrahman Naser Almajid	Shareholder	Collections received	(13,436,921)	-	-	13,436,921
		Net funding received from shareholder	-	22,570,776		
Khalid Abdelrahman Naser Almajid	Shareholder	Collections received	(12,920,071)	-	-	12,920,071
		Net funding received from shareholder	-	22,570,776		
Abdullah Bin Abdelrahman Real Estate Company	Related party to shareholder	(Collections received)/ Expenses paid on behalf	(8,004)	8,004	-	8,004
Al Lubna Real Estate Development Company	Related party to shareholder	(Collections received)/ Expenses paid on behalf	(7,728)	7,728	-	7,728
Abdelrahman and Ahmed Bait Almajid Real Estate	Related party to shareholder	(Collections received)/ Expenses paid on behalf	(2,243)	2,243	-	2,243
Amlak International Finance Company	Related party to shareholder	(Collections received)/ Expenses paid on behalf	(666)	666	-	666
Almajid Al Thanya Real Estate Company	Related party to shareholder	(Collections received)/ Expenses paid on behalf	(2,088)	2,088	-	2,088
Reversal / provision for related parties (note 13.1.2)					-	(2,524,930)
					14,369,699	60,325,022



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13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

13.1 Amounts due from related parties (Continued)

- 13.1.1 This amount represents the IPO cost which as agreed to be reimbursed by the shareholders upon successful listing process.
- 13.1.2 The management had made provision for the specific related parties in prior year which has been reversed in 2022G after reconciling with respective parties.
- 13.1.3 The above balances are unsecured, interest free and have no fixed repayment. The management estimate the allowance on due from related party balance at the reporting date at an amount equal to lifetime ECL. No receivable balance from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

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13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

13.2 Amount due to related parties

Name of related parties	Relationship	Nature of transaction	Amount of transaction		Balance	
			2022G SR	2021G SR	2022G SR	2021G Restated (Note 30.2) SR
Prince Saud bin Abdullah bin Mohammed Al Saud	Shareholder	Funding	(11,700,000)	(108,436,118)	131,428,118	119,728,118
Khaled Abdelrahman Naser Almajid	Shareholder	Funding	(41,467,386)	-	41,467,386	-
Mohammed Abdelrahman Naser Almajid	Shareholder	Funding	(39,518,527)	-	39,518,527	-
Prince Faisal bin Abdullah bin Mohammed Al Saud	Shareholder	Funding	(25,000,000)	(9,900,112)	38,733,112	13,723,112
Majid Abdelrahman Naser Almajid	Shareholder	Funding	(8,922,403)	-	9,487,794	565,391
Hussam Abdelrahman Naser Almajid	Shareholder	(Funding)/Repayment	7,910,830	(17,610,000)	9,487,794	17,398,624
Real Estate Construction Opportunities Company	SPV of subsidiary	Finance charges	25,736,946	7,365,881	8,505,979	7,005,412
Jadwa Investment Company	Fund manager of subsidiary	Management fee (note 23)	10,902,266	7,148,814	5,131,596	-
		Debt restructuring fee	2,422,524	8,036,893		
		Fund set-up fee	16,000	232,046		
Mohammed and Mosab Alajlan Company	Related party to shareholder	Funding	-	4,515,000	4,515,000	4,515,000
Dar Almajid Real Estate Development Company	Related party to shareholder	Repayment	3,418,550	6,471,195	3,418,550	6,471,195
Abdelsalam Abdelrahman Naser Almajid	Shareholder	(Funding)/Repayment	81,249,675	(81,454,675)	5,000	81,454,675
Naser Abdelrahman Naser Almajid	Shareholder	(Funding)/Repayment	81,234,252	(81,439,252)	5,000	81,439,252
Albilad Capital	Custodian of subsidiary	Custodian fees	(82,170)	-	82,170	-
Al Majdiah Real Estate Fund Company	Related party to shareholder	Collections against services rendered	(3,747,333)	-	-	3,747,333
		Revenue from services rendered	-	3,747,333		
					291,786,026	336,048,112



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13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

13.3 Key Management Compensation

	2022G SR	2021G SR
Short term employee benefits	6,540,000	6,540,000
Termination benefits	1,090,000	545,000
	7,630,000	7,085,000
Board of Directors remuneration	230,000	-

14. CASH AND CASH EQUIVALENTS

	2022G SR	2021G Restated (Note 30.2) SR
Cash at bank	197,400,378	290,090,346
Short-term deposits (note 14.1)	39,438,000	-
Cash on hand	387,202	41,774
	237,225,580	290,132,120

14.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

15. SHARE CAPITAL

The Group's authorised, issued and fully paid share capital at 31 December 2022G amounted to SR 300 million (31 December 2021G: SR 300 million), consisting of 300,000 (31 December 2021G: 300,000) shares of SR 1,000 each.

Name of the shareholder	No. of shares		% of		Total SR	
	2022G	2021G	2022G	2021G	2022G	2021G
Dar Almajid Holding Company	173,250	-	57.75%	-	173,250,000	-
AWJ for Real Estate Development and Investment Company	22,500	22,500	7.5%	7.5%	22,500,000	22,500,000
Modern Rufaid Investment Company	22,500	-	7.5%	-	22,500,000	-
Almajid Aloula Real Estate Company	14,850	-	4.95%	-	14,850,000	-
Khalid Abdulrahman Naser Almajid	11,880	49,500	3.96%	16.5%	11,880,000	49,500,000
Mohammed Abdulrahman Naser Almajid	11,880	49,500	3.96%	16.5%	11,880,000	49,500,000
Hussam Abdulrahman Naser Almajid	8,910	37,125	2.97%	12.375%	8,910,000	37,125,000
Abdulsalam Abdulrahman Naser Almajid	8,910	37,125	2.97%	12.375%	8,910,000	37,125,000
Majid Abdulrahman Naser Almajid	8,910	37,125	2.97%	12.375%	8,910,000	37,125,000
Naser Abdulrahman Naser Almajid	8,910	37,125	2.97%	12.375%	8,910,000	37,125,000
Abdullah Abdulrahman Naser Almajid	4,500	4,500	1.5%	1.5%	4,500,000	4,500,000
Nader Hassan Atallah Alomari	3,000	3,000	1%	1%	3,000,000	3,000,000
Alfaisaliah for Trading Investment Company	-	22,500	0%	7.5%	-	22,500,000
	300,000	300,000	100%	100%	300,000,000	300,000,000

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16. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Group is required to transfer 10% of the net income for the year to a statutory reserve until it equals to 30% of its share capital. The reserve currently is not available for distribution to the shareholders of the Group.

17. LOANS AND BORROWINGS

	Effective Interest rate (EIR)	Maturity	2022G	2021G
			SR	Restated (Note 30.2) SR
Al Rajhi Bank - Murabaha	SAIBOR + Fixed rate	2025G	314,444,850	305,974,648
Riyad Bank - Murabaha	SAIBOR+2%	2024G	245,828,569	384,356,535
Banque Saudi Fransi - Tawaruq	SAIBOR+2%	2024G	226,251,652	-
Arab National Bank - Tawaruq	SAIBOR+2.5%	2027G	153,784,122	-
Amlak International Finance Company- Murabaha	8%	2024G	10,270,685	10,000,000
			950,579,878	700,331,183

Set out below is the movement of interest-bearing loans and borrowings:

	2022G	2021G
	SR	Restated (Note 30.2) SR
Principal amount at 1 January	700,331,183	16,500,000
Add: proceeds	1,437,562,099	703,509,090
Less: repayment	(1,186,097,526)	(16,500,000)
Less: Transaction costs	(1,215,878)	(3,177,907)
Principal amount at 31 December	950,579,878	700,331,183

During 2021G, the Group signed an agreement to obtain a loan from Al Rajhi bank amounting to SR 310 million. The loan is for the purpose to finance of the acquisition of real estate land and related development and construction. The terms of the loan span over a tenure of 3 years and to be repaid in one instalment after 3 years. The loan carries a markup of SIBOR+2.4%. The loan is secured against the personal guarantees by the shareholders.

During 2020G, the Group signed an agreement to obtain a loan from Riyad Bank. The loan is for the purpose to finance group's development and construction projects. The terms of the loan span over a tenure of 4 years and to be repaid in one instalment after 4 years. The loan carries a markup of SIBOR+2%. The loan is secured against mortgage of two real estate properties with a value of 150% of the financing amount.

During 2022G, the Group signed an agreement to obtain a loan from Banque Saudi Fransi. The loan is for the purpose to purchase a land in Riyadh city. The loan is repaid in two instalments during 2024G. The loan carries a markup of SIBOR+2%. The loan is secured against land collateral in Riyadh Narjis district having a fair value of SR 369 million and promissory notes with the amount of SR. 245 million.

During 2022G, the Group signed an agreement to obtain a loan from Arab National Bank. The loan is for the purpose to finance group's investment in assets and other development projects. The loan is to be repaid in annually. The loan carries a markup of SIBOR+2.4%. The loan is secured against promissory notes with the amount of SR 200 million.

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17. LOANS AND BORROWINGS (continued)

During 2021G, the Group signed an agreement to obtain a loan from Amlak International Finance Company. The loan is for the purpose to finance group's development and construction projects. The terms of the loan span over a tenure of 3 years and to be repaid in in one instalment after 3 years. The loan carries a finance cost of 8%. The loan is secured against the personal guarantees by the shareholders.

Finance charges and amortisation of transaction cost on the loans for the year ended 31 December 2022G amounted to SR 54.3 million (2021G: SR 14.6 million) out of which SR 43.4 million (2021G: SR 11.5 million) has been capitalized within inventory properties (note 8).

At 31 December 2022G, the Group has available SR 185 million (31 December 2021G: SR 435 million) of undrawn committed borrowing facilities.

18. EMPLOYEE DEFINED BENEFIT LIABILITIES

18.1 General description of benefits

The Group operates an unfunded end of service benefits scheme in accordance with the labour laws prevailing in the Kingdom of Saudi Arabia. Provision is created for the benefit of the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method.

	2022G SR	2021G SR
Net defined benefit liability	4,244,962	6,463,352

18.2 Movement in net defined benefit liability

	2022G SR	2021G SR
As of 1 January	6,463,352	1,307,461
Charge for the year	2,290,293	2,174,270
Benefits paid	(217,640)	(82,273)
Actuarial (gains) losses on obligation	(4,291,043)	3,063,894
As of 31 December	4,244,962	6,463,352

18.3 Net benefit expenses

	2022G SR	2021G SR
Included in profit or loss		
Current service cost	2,138,200	2,150,894
Interest cost	152,093	23,376
	2,290,293	2,174,270

	2022G SR	2021G SR
Included in other comprehensive income		
Remeasurement gain / (loss) due to:		
Actuarial assumptions	4,291,043	(3,063,894)
	4,291,043	(3,063,894)

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18. EMPLOYEE DEFINED BENEFIT LIABILITIES (continued)

18.4 Principle actuarial assumptions

The significant assumptions used in determining end of service benefit obligations for the Group's plan are shown below:

	2022G	2021G
Discount rate	4.90%	1.97%
Salary increase rates	5%	5%
Withdrawal rate per annum	15%	15%

18.5 Sensitivity analysis

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

	2022G SR	2021G SR
Discount rate		
1% increase	550,756	723,499
1% decrease	597,151	853,156
Long term salary increase		
1% increase	578,059	818,536
1% decrease	534,665	710,961

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

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19. TRADE AND OTHER PAYABLES

	2022G	2021G
	SR	Restated (Note 30.2) SR
Trade payables	159,221,329	122,991,410
Provision for onerous contracts (note 19.1 & note 30.2)	34,235,318	53,188,130
Real estate tax payable	23,687,176	4,334,146
Accrued finance charges	16,665,882	6,150,096
Accrued expenses	6,611,383	5,127,436
	240,421,088	191,791,218

19.1 In 2022G the management performs an annual assessment for its whole projects outstanding at year end, to assess if there any additional costs have been incurred, therefore, decide if any of these projects are onerous contracts. This assessment has revealed that there are 15 contracts have been identified as onerous contracts amounting to SR 346.5 million (2021G: SR 391 million). The onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it.

20. CONTRACT LIABILITIES

	2022G	2021G
	SR	Restated (Note 30.2) SR
Contract liabilities – customer deposits and advance payments	154,524,104	115,556,542
Current portion	127,725,515	115,556,542
Non-current portion	26,798,589	-

Contract liabilities include amounts received from customers on conditional exchange of contracts relating to future maintenance obligation as part of completed inventory properties sale contract. The Group received certain non-refundable deposit for a five-year maintenance service. Total contract liabilities relating to customer deposits amounted to SR. 26.8 million (31 December 2021G: SR. 2 million).

Contract liabilities also include SR. 127.7 million (31 December 2021G: SR. 113.6 million) advance payments from customers in exchange of real estate development and management services performed by the Group.

The Group also recognised deferred revenue from customers for sale of completed inventory properties amounting to SR. 55.5 million in 2022G (2021G: SR Nil).

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21. ZAKAT PAYABLE

Charge for the year

The zakat charge consists of the current year provision amounting to SR 19,588,640 (31 December 2021G: SR 20,344,198).

Movement in the zakat provision:

	2022G SR	2021G SR
As of 1 January	26,377,908	12,202,964
Charge during the year	19,161,340	20,344,198
Paid during the year	(5,463,017)	(6,169,254)
As of 31 December	40,076,231	26,377,908

Status of zakat

The Company and its subsidiaries files separate zakat assessments based on the standalone financial statements of each entity. The zakat base is then determined and calculated for each entity separately. The total estimated zakat is presented in the consolidated statement of profit and loss.

Dar Almajid Real Estate Company (Parent Company)

The Company has submitted zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") for all years up to the year ended 2021G. The last final assessment received was in 2018 and has been settled.

Hossam and Majed sons of Abdul Rahman Al Majed Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021G. However, no zakat assessment has been raised yet.

Mohammed and Khalid sons of Abdul Rahman Al Majid Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021G. However, no zakat assessment has been raised yet.

Fikra Estesmar for Real Estate Development Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021G. However, no zakat assessment has been raised yet.

Al Raayea Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021G. However, no zakat assessment has been raised yet.

Jadet AlShatea Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021G. However, no zakat assessment has been raised yet.

Jadet Al Rabea Real Estate Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021G. However, no assessment has been raised yet.



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21. ZAKAT PAYABLE (continued)

Taj Al Hudo for Real Estate Development Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021G. However, no zakat assessment has been raised yet.

Nibras Al Amaken for Real Estate Development Company

The Company has submitted zakat returns to ZATCA for all years up to the year ended 2021G. However, no zakat assessment has been raised yet.

Al Majdiah Investment Fund, Al Dar Investment Fund and Al Narjis Investment Fund

Under the current system of taxation in the Kingdom of Saudi Arabia the Funds are not liable to pay any Zakat or income tax as they are considered to be the obligation of the Unitholders and as such, these are not provided in the separate financial statements of the funds. Therefore, the zakat has been considered in the separate financial statements of the parent company.

22. OPERATING INCOME AND COST

22.1 OPERATING INCOME

	2022G	2021G
	SR	Restated (Note 30.2) SR
Revenue from sale of completed inventory properties	759,806,717	741,686,156
Revenue from sale of land (included in inventory properties)	204,191,839	237,136,861
Revenue from sale of investment property	39,587,480	-
Real estate commission income (note 22.1.1)	33,152,944	16,118,690
Real estate development (note 22.1.2)	29,086,776	104,204,863
	1,065,825,756	1,099,146,570

22.1.1 This represents the amounts charged to customers in respect of marketing services for the provided. The commission is charged at 10% of the each of the property sold for which marketing was done by the group.

22.1.2 Real estate development represents the construction and development services provided to customers.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated primarily by geographical market and timing of revenue recognition.

	2022G SR	2021G SR
Primary geographical markets		
Saudi Arabia	1,065,825,756	1,099,146,570
Timing of recognition of revenue		
Services provided at point of time	1,036,738,980	994,941,707
Service provided over time	29,086,776	104,204,863

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22. OPERATING INCOME AND COST (continued)

22.2 OPERATING COST

	2022G	2021G
	SR	Restated (Note 30.2) SR
Cost of sales of completed inventory properties (note 8)	588,571,632	525,309,188
Cost of sales of land (included in inventory properties) (note 8)	191,563,321	123,546,684
Cost of sale of investment property (note 7.1)	35,242,926	-
Other operating costs – development and commission	12,502,963	125,481,276
Other operating costs – completed inventory properties (note 8)	-	23,565,989
Depreciation expense of right-of-use asset (note 6)	457,373	457,373
	828,338,215	798,360,510

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2022G	2021G
	SR	Restated (Note 30.2) SR
Salaries and other benefits	20,414,132	14,062,181
Management fees (note 23.1 and 13)	10,902,266	7,148,814
Professional fees	9,182,484	1,772,076
Provision for expected credit loss on trade receivables (note 11)	4,130,804	-
(Reversal) / provision for expected credit loss on due from related parties (note 13.1)	(2,524,930)	2,021,084
Donations and gifts	955,920	597,328
Depreciation (note 5)	744,321	353,221
Governmental fees	516,427	283,426
Utilities	460,018	200,661
Hospitality	325,402	518,245
Improvements	295,688	285,851
Maintenance and repair	161,275	83,383
Office improvements	155,229	167,401
Others	4,722,115	2,719,145
	50,441,151	30,212,816

23.1 Management fees represent an annual management fee paid to the Fund manager in consideration of managing the funds' asset for a fee equal to 0.75% to 2% of the fund's invested capital in accordance with Funds' terms and conditions.



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24. FINANCE COST

	2022G	2021G
	SR	Restated (Note 30.2) SR
Finance cost on loans and borrowings	52,302,838	13,234,010
Unwinding of transaction cost	1,962,029	1,353,093
Bank charges	998,096	245,601
Interest on lease liability (note 6)	74,111	105,370
Total borrowing costs	55,337,074	14,938,074
Less: Finance and transaction cost capitalised (note 8)	(43,412,750)	(11,526,930)
Total finance costs charged to profit or loss	11,924,324	3,411,144

25. OTHER INCOME

	2022G	2021G
	SR	Restated (Note 30.2) SR
Valuation gains from financial assets at fair value through profit or loss (note 10)	2,540,224	9,495,757
Other	3,831,955	2,208,263
	6,372,179	11,704,020

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

26.1 FINANCIAL ASSETS

	2022G SR	2021G SR
Financial assets at fair value through profit or loss		
Real estate funds	31,184,280	39,501,513
Quoted equity shares	3,430,351	1,646,136
Murabaha fund	-	20,136,837
Total financial assets at fair value	34,614,631	61,284,486
Debt instruments at amortized cost		
Trade receivables	33,465,400	12,383,755
Amounts due from related parties	14,369,699	60,325,022
Total financial assets*	82,449,730	133,993,263
Total current	47,835,099	72,708,777
Total non-current	34,614,631	61,284,486

* Financial assets, other than cash and short-term deposits

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26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.2 FINANCIAL LIABILITIES

	Effective Interest rate (EIR)	Maturity	2022G SR	2021G SR
Loans and borrowings	SAIBOR + 2% to 8%	2023G-2025G	950,579,878	700,331,183
Lease liability	4.5%	2024G	1,551,193	2,277,082
Trade and other payables		On demand	216,733,912	187,457,072
Amounts due to related parties			291,786,026	336,048,112
Total financial liabilities			1,460,651,009	1,226,113,449

26.3 FAIR VALUES

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial assets and liabilities, other than those with carrying amounts that are reasonable approximations of fair values.

	2022G SR		2021G SR	
	Carrying amount	Fair value	Carrying amount	Fair Value
Financial assets				
Trade receivables	33,465,400	33,465,400	12,383,755	12,383,755
Contract assets	18,256,485	18,256,485	-	-
Prepayments and other current assets	28,439,278	28,439,278	51,739,759	51,739,759
Amounts due from related parties	14,369,699	14,369,699	60,325,022	60,325,022
Real estate funds	31,184,280	31,184,280	39,501,513	39,501,513
Quoted equity shares at FVTPL	3,430,351	3,430,351	1,646,136	1,646,136
Murabaha fund	-	-	20,136,837	20,136,837
	129,145,493	129,145,493	185,733,022	185,733,022
Financial liabilities				
Loans and borrowings	950,579,878	950,579,878	700,331,183	700,331,183
Trade and other payables	216,733,912	216,733,912	187,457,072	187,457,072
Amounts due to related parties	291,786,026	291,786,026	336,048,112	336,048,112
Lease liability	1,551,193	1,551,193	2,277,082	2,277,082
	1,460,651,009	1,460,651,009	1,226,113,449	1,226,113,449



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26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.3 Fair values (continued)

- A. The fair value of unquoted instruments and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- B. The fair values of investment in private funds are estimated using either the net assets value (NAV) or fair value provided by the private funds on monthly, quarterly or annual basis.

26.4 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, accounts and other payables. 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 accounts and other receivables, financial assets held at amortised cost, financial assets held at FVTPL and cash that derive directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

26.4.1 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 and financial assets measured at FVTPL. The sensitivity analyses in the following sections relate to the position as at 31 December 2022G and 31 December 2021G.

26.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

		2022G SR	2021G SR
Increase in basis points of interest rates	+10	260,948,138	312,949,294
Decrease in basis points of interest rates	-10	213,503,022	310,956,289

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly lower volatility than in prior periods.

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26 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.4 Financial instruments risk management objectives and policies (continued)

26.4.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The Group's exposure to foreign currency changes for all currencies is not material.

26.4.4 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 investment securities. 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. For unquoted equity instruments and investments in discretionary portfolios, the maximum risk is equal to the carrying amount of those investments.

26.4.5 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 accounts receivables) and from its financing activities, including deposits with banks and financial institutions, Murabaha and other receivables, foreign exchange transactions and other financial instruments. The Group is exposed to credit risk on its bank balances and trade receivables as follows:

	2022G SR	2021G SR
Cash at bank	237,225,580	290,132,120
Trade receivables	33,465,400	12,383,755
Amounts due from related parties	14,369,699	60,325,022
	285,060,679	362,840,897

The carrying amount of financial assets represent the maximum credit exposure. Credit risk on receivables and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings.
- The receivables are shown net of allowance for expected credit loss.
- Financial position of related parties is stable.

Impairment losses on financial assets recognised in the consolidated statement of profit or loss were as follows:

	2022G SR	2021G SR
Provision of expected credit loss on trade receivables	4,130,804	-
(Reversal)/provision of expected credit loss on related parties	(2,524,930)	2,021,084
	1,605,874	2,021,084



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26 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.4 Financial instruments risk management objectives and policies (continued)

26.4.5 Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group limits its exposure to credit risk from accounts receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively. In respect of loans provided by Group to related parties and other companies, the Group believes that the related parties and other companies have a sound financial strength, and the loans will be fully recovered within stated timelines.

None of the Group's customers' balances have been written off at the reporting date. In monitoring customer credit risk, customers are categorised according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, past history with the Group and existence of previous financial difficulties.

The Group accounts receivables are from counterparties in the Kingdom of Saudi Arabia. The Group's exposure to credit risk in accounts receivable as per geographic basis is as follows:

	2022G SR	2021G SR
Kingdom of Saudi Arabia	33,465,400	12,383,755
	33,465,400	12,383,755

Expected credit loss assessment for accounts and other receivables:

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts and other receivables.

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before 31 December 2022G and 31 December 2021G respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries in which it conducts transactions to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2022G and 31 December 2021G was determined as follows for accounts and other receivables.

2022G	Expected credit loss rate	Gross carrying amount at default SR	Expected credit loss allowance SR
0-90 days past due	0%	-	-
90-180 days past due	14%	38,951,997	(5,486,597)
180-270 days past due	0%	-	-
270-360 days past due	0%	-	-
More than 360 days past due	0%	-	-
		38,951,997	(5,486,597)

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26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.4 Financial instruments risk management objectives and policies (continued)

26.4.5 Credit risk (continued)

2021G	Expected credit loss rate	Gross carrying amount at default SR	Expected credit loss allowance SR
0-90 days past due	9.9%	13,739,548	(1,355,793)
90-180 days past due	0%	-	-
180-270 days past due	0%	-	-
270-360 days past due	0%	-	-
More than 360 days past due	0%	-	-
		13,739,548	(1,355,793)

Impairment losses on accounts and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The ageing for the contract assets for the year ended 31 December 2022G, was as follows:

2022G	Gross carrying amount SR
0-90 days past due	4,691,008
90-180 days past due	3,508,510
180-270 days past due	-
270-360 days past due	10,056,967
More than 360 days past due	-
	18,256,485

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.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

26.4.6 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

26.4 Financial instruments risk management objectives and policies (continued)

26.4.6 Liquidity risk (continued)

31 December 2022G:	Less than 3 months SR	3 to 12 months SR	1 to 5 years SR	More than 5 years SR	Total SR
Loans and borrowings	-	-	950,579,878	-	950,579,878
Trade and other payables	240,421,088	-	-	-	240,421,088
Lease liability	-	800,000	800,000	-	1,600,000
Amounts due to related parties	-	291,786,026	-	-	291,786,026
	240,421,088	292,586,026	951,379,878	-	1,484,386,992

31 December 2021G:	Less than 3 months SR	3 to 12 months SR	1 to 5 years SR	More than 5 years SR	Total SR
Loans and borrowings	-	-	700,331,183	-	700,331,183
Trade and other payables	191,791,218	-	-	-	191,791,218
Lease liability	-	800,000	1,600,000	-	2,400,000
Amounts due to related parties	-	336,048,112	-	-	336,048,112
	191,791,218	336,848,112	701,931,183	-	1,230,570,513

26.4.7 Capital management

For the purpose of the Group's capital management, capital includes issued capital, 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, wherever applicable for the Group entities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using multiple leverage ratios including gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, long term borrowings, payables and accrued expense, due to shareholders less cash and cash equivalents, excluding discontinued operations.

	2022G SR	2021G SR
Loans and borrowings	950,579,878	700,331,183
Amounts due to related parties	291,786,026	336,048,112
Trade and other payables	240,421,088	191,791,218
Less: Cash and cash equivalents	(237,225,580)	(290,132,120)
Net debt	1,245,561,412	938,038,393
Equity	678,385,018	578,623,344
Equity and net debt	1,923,946,430	1,516,661,737
Gearing ratio	65%	62%

DAR AI MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Notes to the consolidated financial statements (continued)
31 December 2022G

27. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets:

31 December 2022G	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Investment property				
Land	-	79,532,866	-	79,532,866
Financial assets at fair value through profit or loss				
Real estate funds	-	-	31,184,280	31,184,280
Quoted equity shares	3,430,351	-	-	3,430,351
Total	3,430,351	79,532,866	31,184,280	114,147,497

31 December 2021G	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Investment property				
Land	-	101,553,352	-	101,553,352
Financial assets at fair value through profit or loss				
Real estate funds	-	-	39,501,513	39,501,513
Quoted equity shares	1,646,136	-	-	1,646,136
Murabaha fund	-	20,136,837	-	20,136,837
Total	1,646,136	121,690,189	39,501,513	162,837,838

The fair values of other financial instruments are not significantly different from the carrying values included in the consolidated financial statements.

28. DIVIDENDS DISTRIBUTION

On 27 Jumada Al-Ula 1443H (corresponding to 31 December 2021G), the shareholders approved cash dividend of SR 251.3 million which has been transferred to shareholders' accounts within balances due to related parties.

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

- The Group has provided letters of guarantee, i.e. financial guarantees, bid bonds and performance guarantees through their local banks for its own business activities and on behalf of certain subsidiaries, limited to SR 314 million as on 31 December 2022G (31 December 2021G: SR 311 million).
- The Group have two projects sold in 2021G and 2022G for which the legal titles have not been transferred to the buyers as of 31 December 2022G, and this is due to the suspension of land by the Royal Commission of Riyadh. There may be an obligation on the Group in the event that the Royal Commission continued the suspension. (note 32.2)
- There are no claims expected to arise from the delay in the transfer of legal titles.

29.2 Capital commitments

At 31 December 2022G, the Group has future capital commitments amounting to SR 397 million (31 December 2021G: SR 700 million) in respect of inventory property under development.



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Notes to the consolidated financial statements (continued)
31 December 2022G

30. PRIOR PERIOD ADJUSTMENTS

30.1 Management identified certain errors on account of non-recording of lease for year ended 31 December 2020G which have been rectified through retained earnings as at 1 January 2021G.

Following is cumulative impact of errors on Statement of financial position as at 1 January 2021G.

1 January 2021G:	Amounts as originally stated SR	Restatement SR	Restated amounts SR
Statement of financial position:			
Right-of-use assets	-	1,830,745	1,830,745
Retained earnings	59,843,652	(1,140,967)	58,702,685
Lease liability, current portion	-	678,362	678,362
Lease liability, non-current portion	-	2,293,350	2,293,350

30.2 During the year, the management noticed certain errors relating to prior year which were adjusted retrospectively as follows:

ASSETS	Note	Reported as at 31 Dec 2021G SR	Restatement SR	Restated as at 31 Dec 2021G SR
NON-CURRENT ASSETS				
Property and equipment		23,954,316	-	23,954,316
Right-of-use asset	c	-	1,373,372	1,373,372
Investment property		101,553,352	-	101,553,352
Inventory properties under development	a, d	154,528,830	697,702,656	852,231,486
Investment in an associate	a, b	200,469,554	(130,963,314)	69,506,240
Financial assets at fair value through profit or loss	a	41,147,549	20,136,937	61,284,486
Financial assets at fair value through other comprehensive income	b	97,800,000	(97,800,000)	-
TOTAL NON-CURRENT ASSETS		619,453,601	490,449,651	1,109,903,252
CURRENT ASSETS				
Inventory properties		335,248,990	-	335,248,990
Trade receivables		12,383,755	-	12,383,755
Prepayments and other current assets		103,197,031	46,278,571	149,475,602
Amounts due from related parties	a	79,371,221	(19,046,199)	60,325,022
Cash and cash equivalents	a	277,165,892	12,966,228	290,132,120
TOTAL CURRENT ASSETS		807,366,889	40,198,600	847,565,489
TOTAL ASSETS		1,426,820,490	530,648,251	1,957,468,741
EQUITY AND LIABILITIES				
EQUITY				
Share capital		300,000,000	-	300,000,000
Statutory reserve		41,609,142	(7,961,377)	33,647,765
Retained earnings	b-e	121,050,942	(57,409,108)	63,641,834
Fair value reserve	b	37,050,000	(37,050,000)	-
Equity attributable to equity holders of the parent		499,710,084	(102,420,485)	397,289,599
Non-controlling interest	a	250,309	181,083,436	181,333,745
TOTAL EQUITY		499,960,393	78,662,951	578,623,344
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and borrowings, non-current portion	a	315,974,648	384,356,535	700,331,183
Lease liability, non-current portion	c	-	1,551,193	1,551,193
Employee defined benefit liabilities		6,463,352	-	6,463,352
TOTAL NON-CURRENT LIABILITIES		322,438,000	385,907,728	708,345,728

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2022G

30. PRIOR PERIOD ADJUSTMENTS (continued)

	Note	Reported as at 31 Dec 2021G SR	Restatement SR	Restated as at 31 Dec 2021G SR
CURRENT LIABILITIES				
Lease liability, current portion	c	-	725,889	725,889
Trade and other payables	a,e	135,146,181	56,645,037	191,791,218
Contract liabilities	e	113,855,308	1,701,234	115,556,542
Amounts due to related parties	a	329,042,700	7,005,412	336,048,112
Zakat payable		26,377,908	-	26,377,908
TOTAL CURRENT LIABILITIES		604,422,097	66,077,572	670,499,669
TOTAL LIABILITIES		926,860,097	451,985,300	1,378,845,397
TOTAL EQUITY AND LIABILITIES		1,426,820,490	530,648,251	1,957,468,741

	Note	Reported as at 31 Dec 2021G SR	Restatement SR	Restated as at 31 Dec 2021G SR
Revenue from sale of completed inventory properties	e	743,654,390	(1,968,234)	741,686,156
Revenue from sale of land		237,136,861	-	237,136,861
Cost of sales – inventory properties	d,f	(647,870,076)	(24,551,785)	(672,421,861)
PROFIT ON INVENTORY PROPERTIES		332,921,175	(26,520,019)	306,401,156
Real estate commission income		16,118,690	-	16,118,690
Real estate development income	a	127,091,575	(22,886,712)	104,204,863
Direct operating cost	f	(95,859,135)	(29,622,141)	(125,481,276)
PROFIT/(LOSS) ON REAL ESTATE DEVELOPMENT AND COMMISSION		47,351,130	(52,508,853)	(5,157,723)
Valuation gains from investment property		38,795,868	-	38,795,868
Right-of-use asset depreciation	c	-	(457,373)	(457,373)
General and administrative expenses	a	(22,243,630)	(7,969,186)	(30,212,816)
Selling and marketing expenses		(7,724,745)	-	(7,724,745)
OPERATING PROFIT		389,099,798	(87,455,431)	301,644,367
Finance costs	c	(3,060,173)	(350,971)	(3,411,144)
Share in result of an associate	b	(8,308,873)	15,900,786	7,591,913
Other income	a	11,500,885	203,135	11,704,020
PROFIT FOR THE YEAR BEFORE ZAKAT		389,231,637	(71,702,481)	317,529,156
Zakat		(20,344,198)	-	(20,344,198)
PROFIT FOR THE YEAR		368,887,439	(71,702,481)	297,184,958
Other comprehensive income				
Re-measurement loss on employee defined benefit liabilities		(3,063,894)	-	(3,063,894)
Share of other comprehensive income of an associate	b	-	1,164,327	1,164,327
Change in FV of Financial assets held at OCI	b	37,050,000	(37,050,000)	-
Total other comprehensive income for the year		33,986,106	(35,885,673)	(1,899,567)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		402,873,545	(107,588,154)	295,285,391



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2022G

30. PRIOR PERIOD ADJUSTMENTS (continued)

	Reported as at 31 Dec 2021G SR	Restatement SR	Restated as at 31 Dec 2021G SR
STATEMENT OF CASH FLOWS			
Change in operating cash flows	187,927,692	262,291,211	450,218,903
Change in investing cash flows	(259,604,607)	(67,972,259)	(327,576,866)
Change in financing cash flows	299,695,024	(181,352,724)	118,342,300

- A. This misstatement pertains to not consolidating Dar investment fund in prior year at a holding of 51.97%. As of 31 December 2021G, the Group owned 20,884,463 units at a value of SR. 12.67 per unit share, amounting to a total value of SR. 264,606,140 which represents 51.97% of the units at the fund.

The management accounted for this transaction as an investment in associate under IAS 28. Based on the percentage of ownership of 51.97%, the management believes it should have consolidated the financial statements with the Fund under IFRS 10 – as the ownership percentage may indicate presence of control.

Based on the agreement between Dar Almajid Real Estate Company and Al Dar investment Company, the Group have all the responsibilities of developing the projects and makes all operative decisions. Also, based on ownership percentage of the Group 51.97%, and the existence of two shareholders of Dar Almajid Company which may bring up the voting rights up to 40% (2 of 5 board members), the management believes that the Group should consolidate Dar Investment Fund in 31 December 2021G.

- B. This misstatement pertains to the wrong classification of investment as FVOCI rather than equity accounting. On 1 September 2021G, the Group acquired 15 million shares in Al Jada Aloulia Real Estate Company at a price of SR. 40.5 per share and a total amount of SR. 60,750,000. This represents 15% of the investee's shares. The Group accounts for its 15% share in the investee as equity instrument held at fair value through other comprehensive income ("FVOCI") in accordance with IFRS 9. Management have assessed whether the existence of significant influence by the Group is present according to the following criteria of IAS 28 to determine whether the investment should be accounted for using equity method under IAS 28 Investments in Associates and Joint Ventures. Management believes significant influence exists due to representation on the board by the Group's CEO, and there are material transactions.
- C. This misstatement pertains sale and leaseback transaction that has not been accounted for in year 2020G rather the whole transaction has been accounted for in 2022G. Therefore, it is an error requiring the restatement to be made to the opening retained earnings as at 1 January 2021G as a result of departure from the requirements of IFRS 16 with respect to sale and leaseback transaction.
- D. This misstatement pertains to error in recognizing cost for a property in 2021G for the sale made in 2022G.
- E. This misstatement pertains deferral of revenue of maintenance obligations which was part of the customer contracts and not accounted for based on IFRS 15.
- F. This misstatement pertains unrecognised losses related to onerous contracts arisen in 2021G pertaining to projects under development.

31. MATERIAL PARTIALLY OWNED SUBSIDIARIES

31.1 Accumulated balances of non-controlling interests

	2022G SR	2021G SR
Al Dar Investment Fund	101,915,854	185,260,328
Jadet Al Rabea Real Estate Company	(763,024)	121,379
Jadet Al Shatea Real Estate Company	2,703,366	128,933
Al Narjis Investment Fund	47,269,348	
	151,125,544	185,510,640

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2022G

31. MATERIAL PARTIALLY OWNED SUBSIDIARIES (continued)

31.2 Movement in non-controlling interests

	2022G SR	2021G SR
At 1 January	181,333,745	-
Additional investment	-	185,183,484
Share of profit	40,282,222	10,340,261
Dividend distribution	(60,208,114)	(14,190,000)
Repurchase of NCI	(16,163,091)	-
At 31 December	145,244,762	181,333,745

31.3 Total comprehensive income allocated to material non-controlling interests

	2022G SR	2021G SR
Al Dar Investment Fund	46,003,625	(3,879,671)
Jadet Al Rabea Real Estate Company	(884,402)	14,236,379
Jadet Al Shatea Real Estate Company	2,574,434	(16,446)
Al Narjis Investment Fund	(1,530,652)	-
	46,163,005	10,340,262

31.4 Summarised financial information

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for the year ended 31 December 2022G

	Al Dar Investment Fund SR	Jadet AL- Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Revenue	710,152,625	-	90,441,000	-
Realised gain on the sale of financial asset at FVTPL	101,682	-	-	-
Operating costs	(548,778,546)	-	(81,123,652)	-
General and administrative expenses	(8,660,395)	(1,179,203)	(492,524)	(4,196,747)
Profit/(Loss) before Zakat	152,815,366	(1,179,203)	8,824,824	(4,196,747)
Zakat	-	-	(243,378)	-
Profit/(Loss) for the year	152,815,366	(1,179,203)	8,581,446	(4,196,747)
Attributable to non-controlling interest	46,003,625	(884,402)	2,574,434	(1,530,652)



DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)
Notes to the consolidated financial statements (continued)
31 December 2022G

31. MATERIAL PARTIALLY OWNED SUBSIDIARIES (continued)

31.4 Summarised financial information (continued)

Summarised statement of profit or loss for the year ended 31 December 2021G

	Al Dar Investment Fund SR	Jadet AL-Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Revenue	-	84,235,176	-	-
Unrealised fair value gain on investment properties	136,937	-	-	-
Operating costs	-	(66,172,771)	-	-
General and administrative expenses	(8,214,787)	(45,823)	(43,414)	-
Other income	-	1,455,135	-	-
Profit/(Loss) before Zakat	(8,077,850)	19,471,717	(43,414)	-
Zakat	-	(489,879)	(11,406)	-
Profit/(Loss) for the year	(8,077,850)	18,981,838	(54,820)	-
Attributable to non-controlling interest	(3,879,671)	14,236,379	(16,446)	-

Summarised statement of financial position as at 31 December 2022G

	Al Dar Investment Fund SR	Jadet AL-Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Properties under development	525,320,706	201,900,673		334,531,122
Due from related parties	13,720,000	-	3,023,925	
Accounts and other receivables	41,214,682	4,974,258	6,125,087	7,543,919
Cash and cash equivalents	72,319,032	264,695	179,712	23,898,043
Long-term loans	(244,160,995)	-		(225,000,000)
Accounts payables, accruals & other credit balances	(65,717,862)	(178,750)	(74,125)	(7,646,064)
Due to related parties	(4,150,315)	(207,488,362)		(3,723,766)
Zakat provision	-	(489,879)	(243,378)	
Total equity	338,545,248	(1,017,365)	9,011,221	129,603,254
Attributable to:				
Equity holders of parent	236,629,394	(254,341)	6,307,855	82,333,906
Non-controlling interest	101,915,854	(763,024)	2,703,366	47,269,348

DAR AL MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2022G

31. MATERIAL PARTIALLY OWNED SUBSIDIARIES (continued)

31.4 Summarised financial information (continued)

Summarised statement of financial position as at 31 December 2021G.

	Al Dar Investment Fund SR	Jadet AL-Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Properties under development	735,440,000	91,448,583	81,123,652	-
Due from related parties		629,388	400,000	-
Accounts and other receivables	46,278,571	1,021,518	6,465,893	-
Cash and cash equivalents	12,966,228	41,035,084	180,086	-
Financial assets held at FVTPL	20,136,937	-	-	-
Long-term loans	(384,356,535)	-	-	-
Accounts payables, accruals & other credit balances	(37,729,907)	(31,626)	(31,624)	-
Due to related parties	(7,005,412)	(133,451,230)	(87,696,826)	-
Zakat provision	-	(489,879)	(11,406)	-
Total equity	385,729,882	161,838	429,775	-
Attributable to:				
Equity holders of parent	200,469,554	40,459	300,842	-
Non-controlling interest	185,260,328	121,379	128,933	-

Summarised cash flow information for the year ended 31 December 2022G

	Al Dar Investment Fund SR	Jadet AL- Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Operating	698,674,456	(114,623,931)	(374)	(334,901,957)
Investing	(297,615,779)	-	-	-
Financing	(341,705,873)	73,853,542	-	(358,800,000)

Summarised cash flow information for the year ended 31 December 2021G

	Al Dar Investment Fund SR	Jadet AL- Rabea SR	Jadet AL- Shatea SR	Al Narjes Investment Fund SR
Operating	(17,123,920)	(73,571,146)	(319,914)	-
Investing	(746,721,026)	-	-	-
Financing	776,811,174	114,606,230	-	-



DAR AI MAJID REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI CLOSED JOINT STOCK COMPANY)

Notes to the consolidated financial statements (continued)

31 December 2022G

32. SUBSEQUENT EVENTS

- 32.1 On 20 August 2023G, the group entered into a contract with Musharaka Capital Company to establish a closed end real estate investment fund named Al-Majediah Office Tower Fund. The purpose of this arrangement is real estate investment and development of office and commercial units on the land owned by the Fund and selling those units to the public to achieve capital gains.
- 32.2 As disclosed in note 29.1 (b), subsequent to year end the Royal Commission of Riyadh has stopped the suspension in relation to the two projects.
- 32.3 A disclosure has been made for certain subsequent events and disclosed to its relevant notes. The management believes there have been no any other significant subsequent events since the year ended 31 December 2022G that would have material impact on the consolidated statement of financial position of the Group.

33. COMPARATIVE AMOUNTS

Certain of the prior period numbers have been reclassified to conform with the presentation of current year.

34. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on 16 Rabi Al-Awwal 1445H (corresponding to 1 October 2023G) by the board of directors of the Group.



DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
AND INDEPENDENT AUDITOR'S REPORT



DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)
CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021

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Alluhaid & Alyahya Chartered Accountants
A Limited Liability Company
Paid up capital SR 100,000 - CR:1010468314
Kingdom of Saudi Arabia Riyadh King Fahd Road
Muhammadiyah District, Grand Tower 12 th Floor

**INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Dar Al Majed Real Estate Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

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

Other Matter

The financial statements of the Group for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on 22 Jumada al-Ula 1443H (corresponding to 26 December 2021).

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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and the provisions of Companies' Law and the Company's Articles of Association, 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 are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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



Alluhaid & Alyahya Chartered Accountants
A Limited Liability Company
Paid up capital SR 100,000 - CR:1010468314
Kingdom of Saudi Arabia Riyadh King Fahd Road
Muhammadiyah District, Grand Tower 12 th Floor

INDEPENDENT AUDITOR'S REPORT – continued
TO THE PARTNERS OF DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

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

As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.

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.

Report on Other Legal and Regulatory Requirements

Based on the information provided to us, there was a receivable balance from related parties as at 31 December 2021, which is considered to be in contravention of the Saudi Companies' Law. This matter does not have any significant impact on the consolidated financial statements.

For Alluhaid and Alyahya Chartered Accountants

Turki A. Alluhaid
Certified Public Accountant
License No. (438)



Riyadh: 20 Rabi Al-Awwal 1444 H
(16 October 2022)

P.O.Box 85453, Riyadh 11691- Fax +966112694419 - Tel. +966112693516

DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	<i>Notes</i>	<i>2021</i>	<i>2020</i>
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	6	23,954,316	473,719
Properties under development	7	154,528,830	-
Investments in associates	8	200,469,554	47,228,427
Investment properties	9	101,553,352	-
Investments at fair value through profit or loss	10	41,147,549	-
Investments at fair value through other comprehensive income	11	97,800,000	-
TOTAL NON-CURRENT ASSETS		619,453,601	47,702,146
CURRENT ASSETS			
Trade and other receivables	12	115,580,786	63,937,475
Properties under development	7	335,248,990	415,266,165
Due from related parties	16- a	79,371,221	91,066,480
Bank balances		277,165,892	49,147,783
TOTAL CURRENT ASSETS		807,366,889	619,417,903
TOTAL ASSETS		1,426,820,490	667,120,049
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	300,000,000	300,000,000
Statutory reserve	20	41,906,142	4,963,295
Retained earnings		124,289,762	60,018,578
Actuarial reserve	13	(3,238,820)	(174,926)
Reserve of change in fair value of investments at FVOCI	11	37,050,000	-
Non-controlling interests		250,309	-
TOTAL EQUITY		499,960,393	364,806,947
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefit obligations	13	6,463,352	1,307,461
Long term loans	15	322,124,744	-
TOTAL NON-CURRENT LIABILITIES		328,588,096	1,307,461
CURRENT LIABILITIES			
Short term loans	15	-	16,500,000
Trade payables		122,991,410	13,240,097
Due to related parties	16-b	329,042,700	249,123,377
Accrued expenses and other payables		119,859,983	9,939,203
Zakat provision	17	26,377,908	12,202,964
TOTAL CURRENT LIABILITIES		598,272,001	301,005,641
TOTAL LIABILITIES		926,860,097	302,313,102
TOTAL EQUITY AND LIABILITIES		1,426,820,490	667,120,049

Chief Finance Officer
Mohammed Bakir

Chief Executive Officer
Nasser Abdulrahman Al Majid

General Manager
Abdulsalam Abdulrahman Al Majid

The accompanying notes from (1) to (29) form an integral part of these consolidated financial statements.



DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
Revenues	22	1,124,001,516	255,612,719
Cost of revenue	23	(746,158,176)	(172,834,950)
TOTAL PROFIT		377,843,340	82,777,769
Selling and marketing expenses		(7,724,745)	(237,195)
General and administrative expenses	24	(20,222,546)	(6,454,203)
Provision for expected credit losses on trade and other receivables	12	-	(1,355,793)
Provision for expected credit losses on due from related parties	16- a	(2,021,084)	(503,846)
PROFIT FROM OPERATIONS		347,874,965	74,226,732
Revaluation gain on investment properties	9	38,795,868	-
Gain on valuation difference of investments at fair value through profit or loss	10	9,358,820	-
Other income		2,142,065	706,701
Share of results of associate	8	(8,308,873)	(66,198)
Finance costs		(3,060,173)	-
NET PROFIT BEFORE ZAKAT		386,802,672	74,867,235
Zakat	17	(20,344,198)	(11,457,510)
NET PROFIT FOR THE YEAR		366,458,474	63,409,725
OTHER COMPREHENSIVE INCOME:			
Remeasurement of employee benefit obligations	13	(3,063,894)	(34,862)
Change in fair value of investments at FVOCI		37,050,000	-
Other comprehensive income from equity accounted investees		-	(105,204)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		400,444,580	63,269,659

Chief Finance Officer
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General Manager
Abdulsalam Abdulrahman Al Majid

The accompanying notes from (1) to (29) form an integral part of these consolidated financial statements.

DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Reserve of change in fair value of investments at FYOCI	Non-controlling interests	Total
Balance at 1 January 2020	100,000	30,000	1,536,061	-	-	-	1,666,061
Impact of adoption of IFRS Restated balance at 1 January 2020 as per IFRS	100,000	30,000	1,542,148	(34,860)	-	-	(28,773)
Net profit for the year	-	-	63,409,725	-	-	-	1,637,288
Other comprehensive loss	-	-	-	-	-	-	63,409,725
Transferred to statutory reserve	-	4,933,295	(4,933,295)	(140,066)	-	-	(140,066)
Additional capital contributions	299,900,000	-	-	-	-	-	-
Balance 31 December 2020	300,000,000	4,963,295	60,018,578	(174,926)	-	-	299,900,000
Balance at 1 January 2021	300,000,000	4,963,295	60,018,578	(174,926)	-	-	364,806,947
Acquisition of subsidiaries	-	-	-	-	-	220,376	220,376
Net profit for the year	-	-	352,238,541	-	-	14,219,933	366,458,474
Other comprehensive income	-	-	-	-	-	-	33,986,106
Transferred to statutory reserve	-	36,645,847	(36,645,847)	(3,063,894)	37,050,000	-	-
Dividends (note 21)	-	-	(251,321,510)	-	-	(14,190,000)	(265,511,510)
Balance at 31 December 2021	300,000,000	41,609,142	124,289,762	(3,238,820)	37,050,000	250,309	499,960,393

Chief Finance Officer
Mohammed Bakir

Chief Executive Officer
Nasser Abdulrahman Al Majid

General Manager
Abdulsalam Abdulrahman Al Majid

The accompanying notes from (1) to (29) form an integral part of these consolidated financial statements.





DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year before zakat		386,802,672	74,867,235
Depreciation of property and equipment	6	353,221	79,524
Provision for end of service benefits	13- 2	2,174,270	1,022,271
Zakat provision from subsidiaries	17-b	-	745,453
Provision for expected credit losses on due from related parties		2,021,084	503,846
Provision for expected credit losses on trade and other receivables		-	1,355,793
Gain on valuation difference of investments at fair value through profit or loss		(9,358,820)	-
Share of results of associate	8	8,308,873	66,198
Interests on loans	15	6,150,096	-
		396,451,396	78,640,320
Changes in operating assets and liabilities:			
Properties under development	7	(74,511,655)	(397,940,919)
Investment properties	9	(101,553,352)	-
Trade and other receivables	12	(69,961,251)	(57,297,747)
Due from related parties	16- a	9,674,175	131,852,245
Due to related parties	16-b	(185,592,187)	255,881,760
Trade payable		109,751,313	10,873,386
Accrued expenses and other payables		109,920,780	52,066,812
Zakat paid		(6,169,254)	(964,717)
End of service paid		(82,273)	-
Net cash generated from operating activities		187,927,692	73,111,140
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	6	(23,833,818)	(23,660)
Additions of property and equipment of subsidiaries at the acquisition date		-	(218,562)
Investments at fair value through profit or loss	10	(13,470,789)	-
Investments at fair value through other comprehensive income	11	(60,750,000)	-
Investments in associates	8	(161,550,000)	(47,294,625)
NET CASH USED IN INVESTING ACTIVITIES		(259,604,607)	(47,536,847)
CASH FLOWS FROM FINANCING ACTIVITIES			
Incorporation of subsidiaries		220,376	-
Proceeds from loans	15	315,974,648	16,500,000
Repayment of loans	15	(16,500,000)	-
Net cash from financing activities		299,695,024	16,500,000
Net change in cash and cash equivalents		228,018,109	42,074,293
Bank balances at the beginning of the year		49,147,783	7,073,490
Bank balances at the end of the year		277,165,892	49,147,783
SIGNIFICANT NON-CASH TRANSACTIONS:			
Dividends transferred from due to related parties	21	(251,321,511)	-
Transferred from advances to investments at fair value through profit or loss	9- 4	18,317,940	-
Revaluation of investment at FVOCI		(37,050,000)	-
Capital increase through due to related parties		-	299,900,000
Disposal of the impact of acquired companies on the acquisition date and the profits obtained from through due to related parties		-	400,097,524

Chief Finance Officer
 Mohammed Bakir

Chief Executive Officer
 Nasser Abdulrahman Al Majid

General Manager
 Abdulsalam Abdulrahman Al Majid

The accompanying notes from (1) to (29) form an integral part of these consolidated financial statements.

DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
(SR)

1- ORGANISATION AND ACTIVITIES

Dar Al Majed Real Estate Company (the "Company") was established as a limited liability company in accordance with the Companies' Law in the Kingdom of Saudi Arabia under Commercial Registration number 1010417874 issued on 20 Sha'ban 1435H (corresponding to 8 June 2014). The Company is engaged in general construction of residential buildings, construction of prefabricated buildings on sites, renovations of residential and non-residential buildings, purchase, sale and divide of lands and real estate and off-plan sales activities, management and leasing of owned or leased real estate (residential), management and leasing of owned or leased real estate (non-residential), management and operation of hotel apartments, real estate management activities for a commission. Non-Saudis are not entitled to practice real estate activities in the Holy Cities of Makkah and Medina.

The partners changed the name of the Company from Nasser and Abdul Salam Al Majid Real Estate Company to Dar Al Majid Real Estate Company on 8 Shawwal 1442H, corresponding to 19 May 2021.

The registered address of the Company is P.O 3463, Riyadh 13531, Kingdom of Saudi Arabia ("KSA").

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (hereinafter collectively referred to as "the Group"), which the Company has control over the financial and operating policies.

2- GROUP INFORMATION

The consolidated financial statements as at 31 December 2021 comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "Group"):

<u>Subsidiary</u>	<u>Country of Incorporation</u>	<u>Legal form</u>	<u>% of effective ownership</u>	
			<u>31 December 2021</u>	<u>31 December 2020</u>
Mohammed and Khaled Sons of Abdul Rahman Al Majed Real Estate Company (1)	Kingdom of Saudi Arabia	Limited liability company	100%	100%
Hussam and Majed Sons of Abdul Rahman Al Majed Real Estate Company (2)	Kingdom of Saudi Arabia	Limited liability company	100%	100%
Fikra Investment for Real Estate Development and Investment Company (3)	Kingdom of Saudi Arabia	Limited liability company	100%	100%
Nebras Al Amaken Real Estate Development Company (4)	Kingdom of Saudi Arabia	Limited liability company	100%	100%
Taj Al-Hodoo Real Estate Development and Investment Company (5)	Kingdom of Saudi Arabia	Limited liability company	100%	100%
Al Ra'ee'a Real Estate Company (6)	Kingdom of Saudi Arabia	Single person limited liability company	100%	-
Jadat Al Shate'a Real Estate Company (7)	Kingdom of Saudi Arabia	Limited liability company	70%	-
Spring Avenue Real Estate Company (8)	Kingdom of Saudi Arabia	Limited liability company	25%	-

The fiscal year of the Group begins on 1 January and ends on 31 December of each year.

- (1) During 2020, the Company acquired Mohammed and Khaled Sons of Abdul Rahman Al Majed Real Estate Company (the "Company") is a limited liability company established in accordance with the Companies' Law in the Kingdom of Saudi Arabia under Commercial Registration number 1010159804 issued on 25 Rabi Al-Awwal 1421H (corresponding to 27 June 2000).

The Company is engaged in general construction of residential buildings, renovations of residential and non-residential buildings, land transportation of goods, purchase, sale and divide of lands and real estate, off-plan sales activities, management and leasing of owned or rented residential properties, and leasing of owned or rented non-residential properties.



DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2021
(SR)

2- GROUP INFORMATION (Continued)

- (2) During 2020, the Company acquired Hussam and Majed Sons of Abdul Rahman Al Majed Real Estate Company (the "Company") is a limited liability company established in accordance with the Companies' Law in the Kingdom of Saudi Arabia under Commercial Registration number 1010425491 issued on 1 Dhu al-Hijjah 1435H (corresponding to 5 October 2014).

The Company is engaged in general construction of residential buildings, renovations of residential and non-residential buildings, purchase, sale and divide of lands and real estate and off-plan sales activities, management and leasing of owned or leased real estate (residential), management and leasing of owned or leased real estate (non-residential), broker agents activities, real estate management activities for a commission. Non-Saudis are not entitled to practice real estate activities in the Holy Cities of Makkah and Medina.

- (3) During 2020, the Company acquired Fikra Investment for Real Estate Development and Investment Company (the "Company") is a limited liability company established in accordance with the Companies' Law in the Kingdom of Saudi Arabia under Commercial Registration number 1010569523 issued on 27 Rajab 1440H (corresponding to 3 Apr 2019).

The Company is engaged in real estate development of residential buildings using modern construction methods, real estate development of commercial buildings using modern construction methods, purchase, sale and divide of lands and real estate and off-plan sales activities, management and leasing of owned or leased real estate (residential), management and leasing of owned or leased real estate (non-residential). Non-Saudis are not entitled to practice real estate activities in the Holy Cities of Makkah and Medina.

- (4) During 2020, the Company acquired Nebras Al Amaken Real Estate Development Company (the "Company") is a limited liability company established in accordance with the Companies' Law in the Kingdom of Saudi Arabia under Commercial Registration number 1010587134 issued on 11 Dhul Qa'dah 1440H (corresponding to 14 July 2019).

The Company is engaged in general construction of prefabricated buildings on sites, real estate development of residential and commercial buildings using modern construction methods, purchase, sale and divide of lands and real estate and off-plan sales activities, management and leasing of owned or leased real estate (residential), management and leasing of owned or leased real estate (non-residential), management and operation of hotel apartments. Non-Saudis are not entitled to practice real estate activities in the Holy Cities of Makkah and Medina.

- (5) During 2020, the Company acquired Taj Al-Hodoo Real Estate Development and Investment Company (the "Company") is a limited liability company established in accordance with the Companies' Law in the Kingdom of Saudi Arabia under Commercial Registration number 1010586987 issued on 8 Dhul Qadah 1440H (corresponding to 11 July 2019).

The Company is engaged in real estate development of residential buildings using modern construction methods, real estate development of commercial buildings using modern construction methods, purchase, sale and divide of lands and real estate and off-plan sales activities, management and leasing of owned or leased real estate (residential), management and leasing of owned or leased real estate (non-residential), management and operation of hotel apartments. Non-Saudis are not entitled to practice real estate activities in the Holy Cities of Makkah and Medina.

- (6) During 2021, the Company has established Al Ra'eea Real Estate Company (the "Company") is a single person limited liability company established in accordance with the Companies' Law in the Kingdom of Saudi Arabia under Commercial Registration number 1010697309 issued on 18 Sha'aban 14420H ((corresponding to 31 March 2021).

The Company is engaged in general contracting of buildings using modern construction methods, purchase, sale and divide of lands and real estate and off-plan sales activities.

- (7) During 2021, the Company acquired 350 shares (out of a total of 500 shares) in Jadat Al Shatea Real Estate Company (the "Company") is a limited liability company established in accordance with the Companies' Law in the Kingdom of Saudi Arabia under Commercial Registration number 4030381446 issued on 09 Shawwal 1441H (corresponding to 1 June 2020).

The Company is engaged in general contracting of buildings using modern construction methods, purchase, sale and divide of lands and real estate and off-plan sales activities.

DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2021
(SR)

2- GROUP INFORMATION (Continued)

- (8) During 2021, the Company has participated in the establishment of Spring Avenue Real Estate Company (the "Company") is a limited liability company established in accordance with the Companies' Law in the Kingdom of Saudi Arabia under Commercial Registration number 1010662510 on 3 Rabi Al-Awwal 1442H (corresponding to 20 October 2020). Dar Al Majid Real Estate Company owns 25 cash shares out of a total of 100 cash shares in Spring Avenue Real Estate Company.

The Company is engaged in general contracting of buildings using modern construction methods, purchase, sale and divide of lands and real estate and off-plan sales activities.

The subsidiaries acquired during 2020 and 100% owned by the Company are as follows:

<u>Subsidiary</u>	<u>31 December 2020</u>			
	<u>Percentage in share capital</u>	<u>Number of shares</u>	<u>Share value</u>	<u>Total capital</u>
Mohammed and Khaled Sons of Abdul Rahman Al Majed Real Estate Company	100%	60,000	1,000	60,000,000
Hussam and Majed Sons of Abdul Rahman Al Majed Real Estate Company	100%	30,000	500	15,000,000
Fikra Investment for Real Estate Development and Investment Company	100%	100	1,000	100,000
Nebras Al Amaken Real Estate Development Company	100%	100	1,000	100,000
Taj Al-Hodoo Real Estate Development and Investment Company	100%	100	1,000	100,000



DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021
(SR)

2- GROUP INFORMATION (Continued)

The assets and liabilities recognized as a result of the acquisition during 2020 are as follows:

	Book value			
<u>Subsidiary</u>	<u>Mohammed and Khaled Sons of Abdul Rahman Al Majed Real Estate Company</u>	<u>Hussam and Majed Sons of Abdul Rahman Al Majed Real Estate Company</u>	<u>Fikra Investment for Real Estate Development and Investment Company</u>	<u>Nebras Al Amaken Real Estate Development and Investment Company</u>
Property and equipment, net	38,767	179,795	-	-
Properties under development	92,336,753	111,294,784	24,928,087	428,761
Trade receivables	5,901,679	13,027,019	30,950	-
Prepayments and other current assets	2,226,182	2,740,396	500,000	-
Cash and cash equivalents	18,274,893	7,239,920	44,147,634	16,966,287
Due from related parties	20,844,404	11,652,028	-	2,974,100
Employee's terminal benefits	(374,638)	(201,855)	-	-
Trade payables	(4,818,283)	(918,450)	(2,928,042)	-
Accrued expenses and other current liabilities	(593,096)	(801,475)	(2,477,441)	(9,899,999)
Short term loans	-	-	(16,587,865)	(16,500,000)
Due to related parties	-	(2,701,016)	(38,977)	(90,713,072)
Zakat provision	(32,614)	(41,816)	-	(3,052)
Total net assets determined at book value settled within related parties	133,804,047	141,469,330	47,574,346	115,642
				23,617,223

DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2021
(SR)

3- BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

3.2 Basis of measurement

The accompanying consolidated financial statements have been prepared under the historical cost basis, except when the International Financial Reporting Standards require to use another basis, as set out in the accounting policies in (note 4) to the accompanying consolidated financial statements.

3.3 Presentation and functional currency

These consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentational currency of the Group.

3.4 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights to the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Accounting for business combinations involving entities or businesses under common control

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 of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements. and
- 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases.

Accounting for business combinations involving entities or businesses under common control is outside the scope of IFRS 3 Business Combinations. In the case of an absence of a specific guidance in IFRS, the management use their judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement the management may also consider the most recent pronouncement of other standard setting bodies that use a similar conceptual frame work to develop accounting standards, to the extent that they do not conflict with the IFRS. Many of these bodies have issued guidance and some allow the pooling of interests method when accounting for business combinations involving entities under common control.



DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2021
(SR)

3 BASIS OF PREPARATION (Continued)

3.4 Basis of consolidation (Continued)

Management has adopted the pooling of interests method to account for business combinations in entities under common control. Such method include:

- Assets and liabilities of combined entities are stated at their book values (not their fair values).
- No new goodwill is recognized as a result of the combination. If goodwill arises from the difference between the consideration paid and the equity acquired, it is recognized directly in equity.
- The consolidated statement of profit or loss reflects the results of the full period irrespective of when the combination took place.

Non-controlling interest

Non-controlling interest is measured at its proportionate share of the identifiable net assets at the date of acquisition.

Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The share of profit or loss and net assets not controlled by the Group are presented and reflected as a separate item in the consolidated statement of profit or loss and in equity in the consolidated statement of financial position. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions disposed of upon consolidation

Inter-group transactions, balances and unrealized gains on transactions are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments and estimates that affects 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 that have been made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

However, as explained in note 1 above, the Group has reviewed the key sources of estimation uncertainty disclosed in the last annual financial statements in the context of the COVID-19 pandemic. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, the financial statements have been prepared on the going concern basis.

DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2021
(SR)

4- SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are initially recognized at cost, including any directly attributable costs of bringing the assets to the location and condition necessary to enable them to operate in the manner intended by the Group's management. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items of property and equipment.

Depreciation is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each item of property and equipment. The following are the estimated depreciation rates for the assets to be depreciated:

<u>Description</u>	<u>Rate</u>
Buildings	5%
Improvements	10%
Motor vehicles	20%
Furniture and fixtures	10-15%
Computers, software and electrical appliances	10-15%

The non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of an asset's value in use or fair value less costs to sell. Assets under construction, which are not ready for their intended use, are not depreciated.

Expenditures for repair and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income. Expenditures for repair and maintenance that materially extend the value or useful life of the asset are capitalized.

The depreciation method, residual value estimates and useful life estimates are reviewed annually.

An item of property and equipment and any significant component initially recognized is derecognized 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 profit or loss and OCI when the asset is derecognized. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Current versus non-current classification

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 realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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.



DAR AL MAJED REAL ESTATE COMPANY
(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2021
(SR)

4- SIGNIFICANT ACCOUNTING POLICIES (Continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

All deferred tax assets and liabilities are classified as non-current.

4.3 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.

4- 3.1 Financial assets

IFRS 9 contains three principal classification categories for financial assets: Financial assets measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

1- Financial assets at amortized cost:

Financial assets are measured at amortized cost if they meet both conditions below and are not designated at their value through profit or loss.

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

2- Fair value through other comprehensive income

Debt instruments

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVPL:

Financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in the consolidated statement of profit or loss and other comprehensive income. This election is made on an investment-to-investment basis.

3- Financial assets at fair value through profit or loss:

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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4- SIGNIFICANT ACCOUNTING POLICIES (Continued)

4-3 Financial instruments (continued)

4- 3.1 Financial assets (Continued)

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial assets that are held for trading, if any, and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Impairment of financial assets

A provision for impairment of financial assets is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the trade receivables. The financial difficulties to which the debtor is exposed, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments due are all considered significant indicators and an objective evidence that the trade receivable is impaired. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time and past recovery rates.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. And when it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred its control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case the Company also continues to recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

The Company classifies its financial liabilities, other than financial guarantees and loan commitments as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition

The financial liability is derecognized when the obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.



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4- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Development properties

Properties that are acquired, constructed or in the process of being constructed and developed for the purpose of sale are classified as development properties and are stated at cost or net realizable value, whichever is lower. The cost of development properties generally includes the cost of land, construction, and other expenses to make the property ready for sale. Net realizable value is the estimated selling price in the ordinary course of business based on market prices at the reporting date, less the costs of completion and selling expenses.

The management reviews the carrying values of development properties on an annual basis.

The development property operating cycle operates on the basis that the majority of development properties are expected to be realized after a period of 12 months from the reporting date. At each reporting date, the management classifies development properties as current or non-current assets based on their expected realization date.

Investment properties

Properties designated for rental or capital appreciation purposes are classified as investment properties. The investment properties are measured at FVTPL and re-measured to fair value at each financial reporting date. No deduction is made for transaction costs that might be incurred when the asset is disposed of in the future.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, current accounts, bank deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and on demand deposits and bank overdrafts.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position under accrued expenses.

Long-term employee benefit obligations

A liability or asset is recognized in the statement of financial position in relation to the defined benefits. The liability for employee terminal benefit obligations, being a defined benefit plan, is determined using the projected unit credit method with actuarial valuations being conducted at end of annual reporting periods.

The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorized as follows:

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees benefits (continued)

Service cost

Service costs include current service cost and past service cost which are recognized directly in the consolidated statement of profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit and loss as past service costs.

Interest cost

The net interest cost are calculated by applying the discount rate to the net balance of the DBO. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Remeasurement gains and losses

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 consolidated other comprehensive income.

Impairment test of non-financial assets

The non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of an asset's value in use or fair value less costs to sell. Assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income. Impairment losses recognized for intangible assets and available-for-sale securities are not reversed.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The current employee benefit obligations are presented in the consolidated statement of financial position.

Long-term employee benefit obligations (including continuous service benefits, long service leave and annual leave that is not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service) are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method and recorded as non-current liabilities. Consideration is given to expected future salary increase, employee resignation rates, historic attrition rates and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate or government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of changes in actuarial assumptions are recognized in the consolidated statement of profit or loss and other comprehensive income.

The net pension asset or liability recognized in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected Defined Benefits Obligation ("DBO") less the fair value of plan assets, if any, at the reporting date.



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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term obligations (continued)

The provision for employees' end of service benefits is calculated according to the projected unit cost method in accordance with IAS 19, taking into account the Saudi labor law. The provision is recognized based on the present value of the defined benefit liabilities. The present value of the defined benefit liabilities is calculated using assumptions on the average annual rate of increase in salaries, average period of employment and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference Saudi Arabia interest rate swap curve or other basis, if applicable.

The DBO costs are calculated using the actuarially determined pension cost rate at the end of the prior year, adjusted for significant market fluctuations and for any significant one-off events, such as plan amendments, curtailments and settlements. The actuarial liabilities are rolled forward based on the assumptions as at the beginning of the year. If there are significant changes to the assumptions or arrangements during the period, consideration is given to re-measure such liabilities.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the defined benefit obligation arising from modifications or curtailments of the plan are recognized immediately in the consolidated statement of profit or loss and other comprehensive income as past service costs.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss and other comprehensive income. While unwinding of the liability at discount rates used are recorded as a financial cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

The Group's employee benefit obligations plan is exposed to actuarial risks such as discount risk and salary risk.

Provisions

Provisions are recognized when the Company has a present legal obligation, as a result of past events, or a contractual liability and the amount of which can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each consolidated statement of financial position date and adjusted to reflect the current best estimates.

Contingent liabilities

All contingent liabilities arising from past events that can only occur with the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group, or all present liabilities arising from past events but not recognized for the following reasons: (1) it is not probable that a use of resources embodying economic benefits will be required to settle the obligation, and (2) the amount of the obligation cannot be estimated reliably, and all should be assessed at each reporting date and disclosed in the Company's consolidated financial statements under contingent liabilities.

Revenue recognition

Revenue consists of sales of completed properties, proceeds from construction and development of properties, rental of residential properties and sale of completed properties. The Group recognizes revenue based on five-step model as described in IFRS 15 "Revenue from Contracts with Customers".

- Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (continued)

- Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligation in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group is entitled in exchange for transferring the promised goods or services to a customer.

The amount of the promised consideration may vary if the Group's entitlement to the consideration is conditional on the occurrence or non-occurrence of a future event. The amount of consideration may vary due to discounts, rebates, refunds, credits, incentives, penalties or other similar items. The variable consideration promised by the customer, if any, shall be expressly stated in the contract. Accordingly, the Group estimates the amount of variable consideration using the most likely amount method under the terms of the contract.

For contracts concluded with clients for the sale of properties, in addition to the five-step model, the Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

For performance obligations, where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. When the amount invoiced to a customer exceeds the amount of recognized revenue, this gives rise to a conditional liability.

Rental income

The rental income is recognized on a straight-line basis over the term of the lease. Initial direct cost incurred or incentive in negotiating the lease agreement is considered an integral part of the carrying amount of the leased contract and recognized on a straight-line basis over the term of agreement.

Service revenue

Revenue from services is recognized over a period of time when the outcome of the service can be reliably estimated by reference to the stage of completion of the service at the reporting date. If the results cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred can be recovered.

Revenue cost

Costs of revenue include the cost of land, development costs and other related service costs. The cost of revenue is proportional to the units sold and is based on the cost incurred to date on the total estimated costs of each project. The cost of revenue from the hospitality business, services and rental income are calculated on the basis of the actual cost of providing the services.



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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (continued)

Expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Selling and marketing expenses represent the expenses resulting from the Group's business in the sales and marketing departments. All expenses, other than financial charges, depreciation, amortization and impairment losses are classified as general and administrative expenses. Provisions for common expenses between cost of revenue, selling and marketing expenses, and general and administrative expenses, when required, are made on a consistent basis.

Value added tax

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the GAZT, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of transaction tax included.

The net amount of value added tax recoverable from, or payable to, ZATCA is included as part of receivables or payables in the statement of financial position.

Zakat

The Group is subject to zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Zakat provision is charged to the Company's statement of profit or loss and other comprehensive income. Additional zakat liabilities, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required by Saudi Arabian Income Tax Law.

The Group is primarily eligible to pay zakat only. Since the reversal of the timing differences, if any, is not expected to have any material impact on the amount of zakat in the foreseeable future, and therefore no deferred tax liability or asset is recognized in these consolidated financial statements.

Foreign currency transaction and balances

Transactions in foreign currencies are translated into Saudi Riyal at the exchange rates prevailing at transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognized in the statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at the end of the year and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value that are translated using the exchange rates at the date when the fair value was determined.

Cash dividend and non-cash distribution to the partners of the Company

Cash or non-cash distributions are recognized as liabilities when the distribution is authorized. As per the Regulations for Companies in the Kingdom of Saudi Arabia, a distribution is authorized when it is approved by the partners. The distributed amount is deducted directly from the partners' equity and recognized as a liability.

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5- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

5-1 Significant accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of adjustments resulting from revisions to accounting estimates are reflected in the revision period and future periods affected by these adjustments.

5.2 Estimation uncertainty

Information about significant areas of estimations, uncertainly and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

5-2-1 Provision for employee end of service benefits

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. In addition, the specific liability requires assumptions to be made for future results which mainly include an increase in salary and benefits, and the discount rate used to convert future cash flows to their present value. Any changes in these assumptions will affect the carrying amount of the liability.

5-2-2 Estimation of the useful life, depreciation rate, depreciation method and residual values of property and equipment

The management reviews its estimates of the useful lives of depreciable assets, the depreciation/amortization rate, the depreciation method and the residual value used in calculating depreciation at each reporting date based on the expected usage of the assets. The uncertainties in these estimates relate to technological obsolescence that may alter the usefulness of the assets.

5-2-3 Zakat provision

In estimating the current zakat payable by the Group, the management takes into consideration the applicable laws and decisions/rulings of the Zakat, Tax and Customs Authority regarding some of the previous issues.

5-2-4 Impairment of non-financial assets

In assessing impairment, the management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. The uncertainty of estimates relates to assumptions about future operating results and the determination of an appropriate discount rate.

5-2-5 Impairment of financial assets

A provision for impairment of financial assets is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the trade receivables. The financial difficulties to which the debtor is exposed, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments due are all considered significant indicators and an objective evidence that the trade receivable is impaired. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time and past recovery rates.

5-2-6 Fair value measurement

The management uses valuation techniques to determine the fair value of financial instruments (when active market prices are not available). This includes making estimates and assumptions consistent with how market participants price the instrument. The management bases its assumption on observable inputs as much as possible but this is not always available. In that case, the management uses the best available information. The estimated fair values may differ from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss and other comprehensive income.

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6- PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings	Leasehold improvements	Motor vehicles	Furniture and fixtures	Computers, software and electrical appliances	Total 2021	Total 2020
Cost								
Cost at 1 January 2021	-	-	-	607,975	559,907	122,423	1,290,305	425,788
Assets transferred from acquired companies	-	-	-	-	-	-	-	-
Additions	18,411,250	3,588,750	601,950	171,698	264,811	795,359	23,833,818	840,857
Balance at the end of the year	18,411,250	3,588,750	601,950	779,673	824,718	917,782	25,124,123	1,290,305
Accumulated depreciation								
Accumulated depreciation at 1 January 2021	-	-	-	314,546	459,743	42,297	816,586	114,767
Accumulated depreciation from acquired companies	-	-	-	-	-	-	-	-
Depreciation for the year (note 24)	-	92,816	32,436	78,105	63,178	86,686	353,221	79,524
Balance at the end of the year	-	92,816	32,436	392,651	522,921	128,983	1,169,807	816,586
Net book Value								
As at 31 December 2021	18,411,250	3,495,934	569,514	387,022	301,797	788,799	23,954,316	
As at 31 December 2020	-	-	-	293,429	100,164	80,126		473,719

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7- PROPERTIES UNDER DEVELOPMENT

	2021	2020
Balance at beginning of the year	415,266,165	17,325,247
Balance from acquired companies	-	326,279,763
Additions	730,788,981	219,195,647
Transferred to related parties	(6,778,285)	-
Transfer to cost of sales (note 24)	(649,499,041)	(147,534,492)
Balance at the end of the year	489,777,820	415,266,165
Short term Properties	335,248,990	415,266,165
Long term properties	154,528,830	-
	2021	2020
Residential units under construction	404,242,773	350,341,583
Residential units available for sale	74,522,643	41,939,281
Land inventory	11,012,404	22,985,301
	489,777,820	415,266,165

8- Investments in associates

The Fund name	2021	2020
Al Dar Investment Fund*	200,469,554	47,228,427
	2021	2020
Balance at beginning of the year	47,228,427	-
Share purchase	161,550,000	47,294,625
The Company's share of losses	(8,308,873)	(66,198)
Balance at the end of the year	200,469,554	47,228,427

* The balance represents the Company's share in Al Dar Investment Fund managed by Jadwa Investment Company, which is a private closed real estate investment fund in the Kingdom of Saudi Arabia. As at 31 December 2021, the Company owns 20,884,463 units at a unit price of SR 12.67, with a total value of SR 264,606,140. The total units represent 51.97% of the total value of the Fund's units. (As at 31 December 2020: 4,729,462 units at a unit price of SR 10, and the total units represent 11.77% of the total value of the Fund's units).

The investments in Al Dar Investment Fund were valued as investments in associates and not financial assets at fair value for the following reasons:

- One of the shareholders, Mr. Abdul Salam Al Majid, who owns 50% of the Company's shares, is a board member of the Fund.
- The Fund's Board of Directors has met twice since its establishment, on 10/11/2020 and 08/06/2021, where the Fund's structure and information were reviewed, proposed development projects, recommendations and decisions require approval were presented, and developments in the Fund's operations were reviewed. The Fund's Board of Directors also issued by circulation a number of decisions related to approving the Fund's investments, appointing service providers and obtaining bank facilities to finance the Fund's projects. The Fund's Board of Directors approved all decisions except for the decision to appoint the Fund's developer.



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8- INVESTMENTS IN ASSOCIATES (Continued)

3. On 17 November 2020, Mohammed and Khaled Sons of Abdul Rahman Al Majed Real Estate Company, a subsidiary of the parent, has sold a land in Malaga Najd for SR 45 million Al Dar Fund. This is considered one of the significant transactions between the Fund and the Company. (Significant transactions during 2021 are disclosed in note 16).
4. Dar Al Majid Real Estate Development and Investment Company, in which Mr. Abdul Salam Al Majid holds a significant share, has been appointed as the developer of the Fund's projects, which are as follows: (Hattin, Al Yasmeen, Malaga, Al Waha, Al Aqiq, Al Basateen), representing 100% of the total development properties in the Fund. Dar Al Majid Real Estate Development and Investment Company has concluded a subcontract agreement with Nasser and Abdul Salam Sons of Abdul Rahman Real Estate Company (Dar Al Majed Real Estate Company) as the developer of these projects, and this is considered one of the significant transactions between the Fund and the Company.

9- INVESTMENT PROPERTIES

	2021
Balance at 1 January 2021	-
Additions	62,757,484
Revaluation gains	38,795,868
Balance at 31 December 2021	101,553,352

The investment properties represent a plot of land in Al-Munsiyah district, southeast of Riyadh.

Fair value measurement of the Company's investment properties

The valuations of the land that was performed by the valuer by the name of Ghada bint Ali Al Idrissi Company (License No.1210000820), accredited valuer by the Saudi Authority for Accredited Valuers ("Taqeem"), using approved valuation methods such as the market method (comparable method).

Description of significant observable inputs to valuation

The significant unobservable inputs used in the fair value measurements of investment properties categorised within Level 3 of the fair value hierarchy as at 31 December 2021 are as follows:

Investment properties	Technical valuation approach	Significant unobservable inputs	Description of Technical valuation approach
Al-Munsiyah land	Market method - the comparable method with similar sales	Adjustments and relative weight of price per square meter and discount rate	The market survey is done by valuer for similar land plots located in the surrounding area and similar to targeted land by area size and in the same district to identify the price per meter for commercial purposes in the area.

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10- INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classified its investments in local companies, and mutual funds, for which the Group has not elected to recognize fair value gains and losses through OCI at FVTPL.

Hussam and Majed Sons of Abdul Rahman Al Majed Real Estate Company has invested in 5,754 shares of ACWA Power and 6,178 shares of Arabian Internet & Communications Services Company (STC Solutions) as at 31 December 2021.

Dar Al Majed Real Estate Company has invested in 3,053,363 units of Al Shurfa Investment Fund, and the per unit value was SR 12.94 as at 31 December 2021.

Set out below is the movement during the years ended 31 December:

	2021	2020
1 January	-	-
Transferred from advances to investments (note 12)	18,317,940	-
Additions	13,470,789	-
Change in fair value	9,358,820	-
31 December	41,147,549	-

11- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
Equity instruments at fair value - non-listed	97,800,000	-
	97,800,000	-

All above financial instruments are stated at fair value through other comprehensive income. These investments are not held in equity instruments for trading, instead, they are held for medium to long term strategic purposes. Accordingly, the Board of Directors of the Company elected to show these investments in equity instruments as at fair value through other comprehensive income because they believe that recognizing short-term fluctuations in the fair value of these investments in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

The movement in investments measured at fair value through other comprehensive income during the year in as follows:

	2021	2020
1 January	-	-
Additions	60,750,000	-
Unrealized gains at FVOCI	37,050,000	-
31 December	97,800,000	-

Equity instruments represent the Company's investment in 15% of First Avenue for Real Estate Development Company (unlisted company registered in the Kingdom of Saudi Arabia).



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12- TRADE AND OTHER RECEIVABLES

	2021	2020
Trade receivables	13,739,548	33,061,732
Advances to suppliers	49,209,266	4,823,479
Value added tax	49,179,207	5,141,568
Real estate transaction tax	2,278,065	362,146
Employee receivables and advances	1,356,497	579,773
Prepayments	644,958	355,593
Letter of grantee	500,000	650,000
Other receivables	29,036	2,001,037
Advances to Al Shurfa Investment Fund (Note 10)	-	18,317,940
	116,936,577	65,293,268
Provision for expected credit losses	(1,355,793)	(1,355,793)
	115,580,786	63,937,475

The movement in the provision for expected credit losses during the year was as follows:

	2021	2020
Balance at the beginning of the year	1,355,793	-
Provided during the year	-	1,355,793
	1,355,793	1,355,793

13- EMPLOYEE BENEFIT OBLIGATIONS

General description

The Law provides for post-employment benefits for all employees who complete the qualifying service period and are entitled to amounts stated under the Saudi Labor Law for each year/period of such service. The annual provision is based on actuarial valuation. The actuarial valuation was performed by an independent qualified actuary using the projected unit credit method as at 31 December 2021 and 2020.

13.2 Principal actuarial assumptions

	2021	2020
Discount rate	1.97%	2.47%
Salary growth rate	5%	0%

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13 EMPLOYEE BENEFIT OBLIGATIONS (continued)

13.2 Changes in employee benefit obligations

	2021	2020
	SR	SR
Present value at the beginning of the year	1,307,461	145,124
Present value transferred from companies	-	576,493
Current service and interest cost	2,174,270	445,778
Actuarial loss/gain	3,063,894	140,066
Paid during the year	(82,273)	-
	<u>6,463,352</u>	<u>1,307,461</u>
	2021	2020
Less than 1 year	1,307,461	145,120
1 – 5 years	<u>5,155,891</u>	<u>1,162,341</u>
	<u>6,463,352</u>	<u>1,307,461</u>

13-3 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

Factor	Change in assumption	2021	2021
Discount rate	+1%	723,499	250,693
	-1%	853,156	335,572
Salary growth rate	+1%	818,536	336,293
	-1%	710,961	-



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14- ACCRUED EXPENSES AND OTHER PAYABLES

	2021	2020
	SR	SR
Suppliers		
Advances from customers	113,588,308	1,599,455
Real estate transaction tax payable	4,334,146	1,912,441
Other payables	604,540	466,361
Notes payable	515,327	4,260,178
Value added tax payable	380,532	1,700,768
Accrued expenses	313,505	-
Professional fee payable	123,625	-
	<u>119,859,983</u>	<u>9,939,203</u>

15- LOANS

The Company has a loan of SR 305,974,648 from Al Rajhi Bank. The loan bears a profit margin of 2.4% plus SIBOR, and is secured by personal guarantees from the partners. The loan is repayable as a bullet payment after 3 years. The purpose of this loan is to finance 60% of the acquisition of real estate land and its development.

Nebras Company has a loan of SR 10,000,000 from Amlak International Real Estate Finance Company. The loan bears a profit margin of 8%. This loan was secured by personal guarantees from the partners, Dar Al Majed, Taj Al-Hodoo, and Fikra Investment Company. The loan is repayable as a bullet payment after 3 years. The purpose of this loan is to finance the construction of the Company's various projects.

The movement of loans during the year is as follows:

	2021	2020
	SR	SR
Balance at beginning of the year	16,500,000	-
Balance transferred from subsidiaries at acquisition date	-	16,500,000
Proceeds from loans	315,974,648	-
Accrued interests	6,150,096	-
Payments during the year	(16,500,000)	-
Balance at the end of the year	<u>322,124,744</u>	<u>16,500,000</u>

16- RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties consist of shareholders, directors and businesses in which shareholders and directors, individually or collectively, have significant influence. The Company's transactions with related parties are conducted on an arm's length basis in the ordinary course of business and are approved by management.

The Company

Relationship

Dar Al Majed Real Estate Development and Investment Company	Associate
Mohammed Abdulrahman Nasir Al Majid	Related Party
Khaled Abdulrahman Nasir Al Majid	Related Party
Hussam Abdulrahman Nasir Al Majid	Related Party
Majed Abdulrahman Nasir Al Majid	Related Party
Nasir Abdulrahman Nasir Al Majid	Partner, Board Member
Abdulsalam Abdulrahman Nasir Al Majid	Partner, Board Member
Al Dar Investment Fund	Associate
First Avenue for Real Estate Development Company	Related party

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16- RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

16-A Due from related parties

Related Party	2021	2020
First Avenue for Real Estate Development Company	28,118,523	-
Al Dar Investment Fund	19,046,199	-
Muhammad Abdulrahman Al Majed	13,436,921	-
Khaled Abdulrahman Al Majed	12,920,071	-
Mohamed Ibrahim Al Majed	7,950,817	-
Nadir Al Omari	400,000	-
Abdullah Abdul Rahman Al Majed Real Estate Company	8,004	-
Al Labena Al Oula Real Estate Development Company	7,728	-
Abdul Rahman and Ahmed Beit Al Majed Company	2,243	-
Al Majd First Real Estate Company	2,088	-
Al Majd Second Real Estate Company	2,088	-
Amlak International Company	666	-
Ammar Investment Holding Company	746	-
Maskan Rafah Real Estate Company	57	-
Dar Al Majed Real Estate Development and Investment Company	-	12,123,651
Nasir Abdulrahman Nasir Al Majed	-	40,348,156
Abdulsalam Abdulrahman Nasir Al Majed	-	39,098,519
	81,896,151	91,570,326
Provision for impairment of related party balances	(2,524,930)	(503,846)
	79,371,221	91,066,480

Provision for impairment of related party balances	2021	2020
Balance at the beginning of the year	503,846	-
Provided during the year	2,021,084	503,846
	(2,524,930)	503,846

16- b Due to related parties

Related Party	2021	2020
Prince Saud bin Abdullah bin Mohammed Al Saud	119,728,118	-
Nasir Abdulrahman Nasir Al Majed	81,439,252	-
Abdulsalam Abdulrahman Nasir Al Majed	81,454,675	-
Hussam Abdulrahman Al Majed	17,398,624	77,654,311
Prince Faisal bin Abdullah bin Mohammed Al Saud	13,723,112	-
Dar Al Majed Real Estate Development and Investment Company	6,471,195	-
Mohammed and Musab Al Ajlan Company	4,515,000	-
Al Majedia Fund	3,747,333	-
Majed Abdulrahman Al Majed	565,391	56,970,890
Al Dar Investment Fund	-	43,043,275
Khaled Abdulrahman Al Majed	-	36,103,140
Muhammad Abdulrahman Al Majed	-	35,039,651
Dar Al Majed Real Estate Development and Investment Company	-	312,110
	329,042,700	249,123,377



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16- RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

16- c The following are the significant transactions carried out with the related parties during the year:

Related Party	Nature of transactions	2021	2020
		Debit / (credit)	Debit / (credit)
Abdulsalam Abdulrahman Al Majid	Funding	(17,728,170)	103,728,419
	Withdrawals	9,799,686	(220,868,935)
	Inter-partner settlements	(103,311,379)	-
	Investments	(37,305,918)	-
	Dividends	(125,660,756)	-
	Payments	192,751,862	-
	Capital increase	-	149,950,000
Nasser Abdulrahman Al Majid	Funding	(10,871,950)	102,678,419
	Withdrawals	7,934,826	(219,818,935)
	Investments	(40,080,918)	-
	Dividends	(125,660,756)	-
	Settlement of partners account	(97,296,802)	-
	Payments	184,536,348	-
	Capital increase	-	149,950,000
Majed Abdulrahman Al Majed	Amount of waiving of share in the Company	-	(66,902,024)
	Investments	(38,693,419)	-
	Settlements	31,740,628	-
	Payment	425,000	-
	Funding	(51,008,490)	(14,151,835)
	Amount of waiving of share in the Company	-	(66,902,024)
	Withdrawals	12,756,614	-
Hussam Abdulrahman Al Majed	Investments	(38,693,419)	-
	Payment	425,000	-
	Funding	(52,142,506)	(14,151,835)
	Expenses paid on behalf	-	21,982,927
	Inter-partner settlements	35,101,809	-
	Investments	(49,741,225)	-
	Payments	4,442,073	-
Mohammed Abdulrahman Al Majed	Funding	(11,500,000)	-
	Amount of waiving of share in the Company	-	(70,734,666)
	Withdrawals	35,134,264	(33,425,884)
	Expenses paid on behalf	-	21,982,927
	Investments	(49,741,225)	-
	Inter-partner settlements	35,648,447	-
	Funding	(11,500,000)	-
Khaled Abdulrahman Al Majed	Payment	4,442,073	-
	Amount of waiving of share in the Company	-	(70,734,666)
	Withdrawals	34,070,776	(33,425,884)

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16- RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

16- c The following are the significant transactions carried out with the related parties during the year
(Continued):

Related Party	Nature of transactions	2021 Debit / (credit)	2020 Debit / (credit)
Mohammed and Musab Al Ajlan Company	Funding	(4,515,000)	-
Prince Saud bin Abdullah bin Mohammed Al Saud	Contributions	(108,436,118)	-
	Share capital	60,000	-
	Dividends	(11,352,000)	-
Prince Faisal bin Abdullah bin Mohammed Al Saud	Contributions	(12,216,250)	-
	Withdrawals	1,316,138	-
	Share capital	15,000	-
	Dividends	(2,838,000)	-
Mohamed Ibrahim Al Majed	sale of lands	7,950,818	-
	Expenses paid on behalf	34,500,000	-
	Investment amount	-	47,294,625
Al Dar Investment Fund	Sale from land from Mohammed and Khaled Al Majed Company	-	45,042,500
	Revenue from development project management	15,453,801	10,962,185
Mohamed Ibrahim Al Majed	sale of lands	7,950,818	-
Al Majedia Fund	Revenue from development project management	3,747,333	-
Nadir Al Omari	Withdrawals	400,000	-
Dar Al Majed Real Estate Development and Investment	Real estate development	(17,537,472)	-
	Withdrawals	-	(29,907,443)
	Inter-partner settlements	(1,700,000)	-
	Expenses paid on behalf	954,736	42,031,094
	Investments	(169,608)	-
First Avenue for Real Estate Development Company	Purchase of land on behalf of the Company	(67,330,719)	-
	Expenses	(340,730)	-
	Payments	67,415,066	-
	Revenue from development project management	28,546,607	-

17- ZAKAT PROVISION

a. Zakat assessments

The Group's companies have separately filed their Zakat returns with the Zakat, Tax and Customs Authority ("ZATCA") up to the year ended 31 December 2021.

b. Movement in zakat provision

	2021	2020
Balance at beginning of the year	12,202,964	964,717
Balance transferred from acquired companies	-	745,453
Charged for the year	20,344,198	11,457,511
Payment during the year	(6,169,254)	(964,717)
Balance at the end of the year	26,377,908	12,202,964



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19- SHARE CAPITAL

The Company's capital amounted to SR 300,000 and divided into 1,000 shares of equal value, each of which is SR 1000, and is distributed among the partners as follows:

	Number of Shares	Value of Share	2021	2020
Nasir Abdulrahman Nasir Al Majed	150,000	1,000	150,000,000	150,000,000
Abdulsalam Abdulrahman Nasir Al Majed	150,000	1,000	150,000,000	150,000,000
Total	300,000	1,000	300,000,000	300,000,000

The partners increased the Company's capital to SR 300 million through the related parties' account on 7 Rabi' al-Thani 1442H corresponding to 22 November 2020.

20- STATUTORY RESERVE

In accordance with the Company's articles of association and the Companies Law in the Kingdom of Saudi Arabia, the Group is required to transfer 10% of its net income to the statutory reserve until this reserve equals 30% of its capital. This statutory reserve is not available for distribution.

21- DIVIDENDS

On 7 Jumada al-Alkhirah 1444H corresponding to 31 December 2022, the Group decided to distribute dividends to partners with a total amount of SR 251,321,511.

22- REVENUE

	2021	2020
Private	1,116,050,698	255,612,719
Related Party	7,950,818	-
	1,124,001,516	255,612,719

23- COST OF REVENUE

	2021	2020
Cost of building materials for sold properties (note 7)	525,952,357	111,961,678
Cost of sold land (note 7)	123,546,684	35,572,814
Cost of supervision and development revenue	86,253,506	19,962,757
Other direct expenses	10,405,629	5,337,701
	746,158,176	172,834,950

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24 GENERAL AND ADMINISTRATION EXPENSES

	2021	2020
Salaries, wages and related costs	11,138,393	1,457,742
End of service benefits	1,380,491	302,373
Professional fees	843,759	-
Social insurance	808,217	112,743
Charities, donations and gifts	597,328	-
Hospitality	518,245	94,603
Commissions and inducements	385,472	325,179
Management and supervision fees	379,960	-
Deprecation (note 6)	353,221	79,524
Medical insurance	349,608	158,309
Telephone, post and internet	321,105	-
Call center	319,480	-
Fittings and decoration	285,851	-
Government fees	283,426	159,414
Visa and iqama fees	245,601	89,578
Electricity and water	200,661	180,379
Stationary and printings	167,401	25,922
Maintenance and repair	83,383	46,686
Mutual fund fees – Jadwa	-	3,182,939
Others	1,560,944	238,812
	<u>20,222,546</u>	<u>6,454,203</u>

25- CAPITAL COMMITMENTS AND CONTINGENCIES

	2021	2020
Uncovered letters of guarantee	<u>500,000</u>	<u>650,000</u>

26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial liabilities consist of trade and other payables and amounts due to related parties. The Company's financial assets consist of cash and cash equivalents, trade receivables, advances, and other receivables. The main risks arising from the Company's financial instruments are market risk, credit risk, liquidity risk, currency risk and concentration of credit risk. The management reviews and agrees policies for managing each of these risks.

26-1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates risk, interest rates risk and equity price risk, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.



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26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

26-1 Market risk (continued)

26-1-1 Interest rate risk

Interest rate risk is exposure to various risks associated with the effect of fluctuations in prevailing interest rates on the Group's financial position and its cash flows. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities, which mainly consist of bank facilities and loans. Management limits the interest rate risk by monitoring changes in market interest rates. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are not significant.

The Group's receivables and payables carried at amortized cost are not subject to interest rate risk as defined in IFRS 7 as the carrying value or future cash flows do not change due to changes in market interest rates. Therefore, the Group is not exposed to fair value interest rate risk.

The Group's exposure to the risk of changes in interest rates relates is as follows:

	2021	2020
Loans at fixed interest rates	10,281,967	16,500,000
Loans at fixed interest rates	311,842,777	-

Sensitivity analysis

The following table demonstrates the sensitivity of the income to reasonably possible changes in interest rates, with all other variables held constant. There is no direct impact on the Group's equity.

	Statement of profit or loss			
	2021		2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Loans at variable interest rates	312,949,294	310,956,289	-	-
Changes in cash flows	(1,106,517)	886,488	-	-

- There is no impact on the statement of equity.

26-2 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other parts to incur a financial loss. The Group does not have significant credit risk concentration. Cash and its equivalents are placed with local banks having high credit ratings. Trade and other accounts receivable are primarily due from customers in the local market and are stated at their estimated recoverable amount. The Group has policies in place to reduce its exposure to credit risk.

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26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

26-2 Credit risk (continued)

The table below shows the Group's maximum exposure to credit risk for the components of the consolidated statement of financial position:

	2021	2020
Cash and bank balances	277,165,892	49,147,783
Trade and other receivables	115,580,786	63,937,475
Due from related parties	79,371,221	91,066,480
	472,117,899	204,151,738

26-3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that enough funds are available to meet the Company's financial commitments. The Group's approach to manage liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2021	Book value	Less than 1 year	1 – 5 years	More than 5 years
Due to related parties	329,042,700	329,042,700	-	-
Trade payables	122,991,410	122,991,410	-	-
Accrued expenses and other payables	119,859,983	119,859,983	-	-
	571,894,093	571,894,093	-	-
31 December 2020	Book value	Less than 1 year	1 – 5 years	More than 5 years
Due to related parties	249,123,377	249,123,377	-	-
Short-term loans	16,500,000	16,500,000	-	-
Trade payables	13,240,097	13,240,097	-	-
Accrued expenses and other payables	9,939,203	9,939,203	-	-
	288,802,677	288,802,677	-	-



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26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

26- 4 Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled in an orderly transaction between market participants as 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 most advantageous market for the asset or liability, in the absence of a principal market.

The principal or the most advantageous market must be accessible by the Company.

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, if 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 utilise the asset in its highest and best use.

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

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

- Level 1: Quoted 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 on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

All financial assets and liabilities are measured at amortised cost, except for investments designated at fair value through other comprehensive income and investments in subsidiaries. The carrying amount of all other financial assets and liabilities measured at amortized cost approximate their fair values.

Financial assets at fair value through other comprehensive income ("FVOCI") are classified within Level 3 of the fair value hierarchy.

The assets were evaluated at fair value based on the discounted cash flow method and earning multiplier method, and then a relative weight was determined for each of the methods used in the valuation process in order to calculate the weighted average of the value of equity instruments.

Assets classified within Level 3 consist of shares in equity instruments. The main inputs into the valuation models include discount rate, weighted average cost of capital, growth rate and earning multipliers (based on the gains of the investor and revenue multiples of comparable companies).

In order to assess Level 3 valuations according to the Company's policy, the Management reviews the performance of the investees and is regularly in contact with the management of such investees in order to make assessments of business and operational matters which are considered in the valuation process. Where appropriate, the Management also tracks peer company multiples, recent transaction results and credit ratings for similar instruments and companies. It also considers the size, development stage, revenue generation and strategy of the comparable companies.

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26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

26-4 Fair value (continued)

The table below presents those investments in companies whose fair values are recognised, in whole or in part, using valuation techniques based on assumptions that are not supported by process or other inputs from observable current market transactions in the same instrument, and the effect of changing one or more of those assumptions behind the valuation techniques adopted, based on reasonable possible alternative assumptions.

Description	Fair value as at 31 December 2021	Valuation technique	Unobservable inputs	Weighted average inputs	Reasonable possible change +/- (absolute value)	Change in valuation +/-
First Avenue for Real Estate Development Company	97,800,000	Discounted cash flow earning multipliers	WACC Growth rate earning multiplier	11.75% 2.75% 9.5	0.5 0.5	(3,140,000) 3,755,000 2,000,000 (1,500,000)

The change in valuation disclosed in the above table shows the relative increase or decrease in the input variable deemed to be subjected to the most judgement and estimate, and the respective impact on the fair value presented in these consolidated financial statements. For equity securities, increases in earning multipliers would lead to an increase in the estimated value. However, an increase in the discount rate would lead to impairment.

No interrelations between unobservable inputs used in the Group's valuation of its Level 3 equity investments have been identified.

The following table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

As at 31 December 2021	Book value		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets						
Investments at fair value through profit or loss	-	-	1,646,036	304,041,455	-	305,687,491
Equity investments at FVOCI	-	-	-	-	97,800,000	97,800,000

The carrying values of the Group's other financial assets and liabilities are considered a reasonable approximation of their fair values.

27- EVENTS AFTER THE REPORTING DATE

There were no events subsequent to the reporting date which require adjustments of or disclosure in the financial statements or notes thereto.

28- COMPARATIVE FIGURES

The comparative figures have been reclassified to conform with the current presentation of the year ended 31 December 2021.

29- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2021 were approved by the Group on 20 Rabi al-Awwal 1444H (corresponding to 16 October 2022).



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