

Transfer Document of Banan Real Estate Company from the Parallel Market to the Main Market

Banan Real Estate Company (the "Issuer") is a Saudi publicly listed joint stock company under Commercial Registration Certificate No. (1010207597), dated 24/02/1426H (corresponding to 03/04/2005G) issued from Riyadh. It has been listed in the Parallel Market since 03/01/1443H (corresponding to 11/08/2021G).

The total number of shares of the Issuer is (200,000,000) two hundred million ordinary shares which are owned at a percentage of (32.23%) by the public, through transferring the Issuer's shares from the Parallel Market (Nomu) to the Main Market

Banan Real Estate Company («the Company» or «the Issuer») was initially established under the name of Abdulaziz Saleh Al-Haqbani Sons Real Estate Development and Investment Company as a limited liability company with a capital of (504,000) five hundred and four thousand Saudi riyals divided into (480) four hundred and eighty shares of equal value, each of which at (1,050) one thousand and fifty Saudi riyals, all of which are cash shares of equal value, in accordance with the articles of incorporation dated 13/02/1426H (corresponding to 23/03/2005G), and commercial registration No. (1010207597) issued from the city of Riyadh on 24/02/1426H (corresponding to 03/04/2005G). On 12/11/1434H (corresponding to 18/09/2013G), the legal entity of the Issuer was converted from a limited liability company to a closed joint stock company, and its capital was increased from (504,000) five hundred and four thousand Saudi riyals to (2,000,000) two million Saudi riyals. Divided into (200,000) two hundred thousand shares of equal value, the value of each of which is (10) ten Saudi riyals, and all of them are ordinary shares identical in all respects in accordance with the decision of the Issuer's Transformative Assembly and in accordance with the decision of His Excellency the Minister of Commerce (Commerce and Industry at that time) No. (280/Q), dated 26/12/1434H (corresponding to 31/10/2013G). On 15/04/1442H (corresponding to 30/11/2020G), the Extraordinary General Assembly approved an increase in the Issuer's capital to (200,000,000) two hundred million riyals, divided into (20,000,000) twenty million ordinary shares identical in all respects at a nominal value of (10) ten Saudi riyals per share, by issuing free bonus shares to the Issuer's shareholders at the rate of one free share for every two outstanding shares. The name of the Issuer was also changed to become Banan Real Estate Company. The Issuer's shares were listed on the Parallel Market (Nomu) on 03/01/1443H (corresponding to 11/08/2021G). On 25/11/1444H (corresponding to 14/06/2023G), the Extraordinary General Assembly agreed to vote on dividing the nominal value of the share from (10) ten riyals per share to (1) riyal per share, while leaving the capital unchanged. Thus, the Issuer's number of shares became (200,000,000) two hundred million shares instead of (20,000,000) twenty million shares. The share does not give its holder any preferential rights, and every shareholder («Shareholder»), regardless of the number of his shares, has the right to attend the meetings of the General Assembly of Shareholders («General Assembly») and vote on its decisions. On 16/12/1444H (corresponding to 04/07/2023G), the Issuer's Board of Directors approved the Issuer's transfer to the Main Market.

The current capital of the Issuer is (SAR 200,000,000) two hundred million Saudi riyals divided into (200,000,000) two hundred million ordinary shares, fully paid and identical in all respects, with a nominal value of (SAR 1) on Saudi riyal per share. All shares of the Issuer are of one category, and do not give any shareholder any preferential rights. Each shareholder («Shareholder»), regardless of the number of his shares, is entitled to attend and vote in the meetings of the General Assembly of Shareholders («General Assembly»).

The transfer will be for (200,000,000) two hundred million ordinary shares representing the total shares of the Issuer, at a nominal value of (SAR 1) one Saudi riyal per share.

According to its Commercial Registration, the Issuer's activities are general construction of residential buildings, management and leasing of owned or rented residential properties, management and leasing of owned or rented non-residential properties, property management, and real estate registration services. The Issuer's main activity is the management and leasing of owned or

rented residential and non-residential properties. The activities of the Issuer, as stated in the Articles of Association, are represented by the practice and implementation of the following purposes: agriculture, forestry and fishing, mining and quarrying, manufacturing industries, electricity, gas, steam and air-conditioning supplies, water supply and sanitation activities, waste management and treatment, construction, wholesale and retail trade, repair of motor vehicles and bicycles and motorcycles, transportation and storage, accommodation and food service activities, information and communications, financial and insurance activities, real estate activities, professional, scientific and technical activities, administrative and support services, public administration and defence, compulsory social security, education, human health and social work activities, arts, leisure and entertainment, other service activities, activities of households that employ individuals and household activities, managing their affiliated companies or participating in the management of other companies in which they contribute in providing the necessary support to them, investing their money in stocks and other securities, owning the real estate and movables necessary to carry out their activity, owning industrial property rights, such as patents, trademarks, industrial trademarks, franchise rights, and other moral rights, exploiting and leasing them to affiliated companies or others, purchasing and renting lands to construct buildings on them, investing these buildings by selling or renting them for the benefit of the Issuer or others, managing, maintaining and developing property, and purchasing and owning property for the benefit of the Issuer or others, buying, selling and exploiting real estate and lands for the benefit of the Issuer and off-plan sales. The Issuer carries out its activities through its headquarters in the city of Riyadh.

As of the date of this transfer document («the Document»), the Issuer has (8) eight Substantial Shareholders (each of whom owns 5% or more of the Issuer's total shares), namely: Ahmed Abdulaziz Saleh Al-Haqbani who directly owns (23,190,301) shares at a rate of (11.595%), Hisham Abdulaziz Saleh Al-Haqbani who owns (18,655,750) shares at a rate of (9.328%), Mansour Abdulaziz Saleh Al-Haqbani who owns (16,772,000) shares at a rate of (8.386%), Abdullah Abdulaziz Saleh Al-Haqbani who owns (16,627,060) shares at a rate of (8.314%), Abdul Mohsen Abdulaziz Saleh Al-Haqbani who owns (16,122,000) shares at a rate of (8.061%), Abdul Rahman Abdulaziz Al-Haqbani who owns (14,567,000) shares at a rate of (7.284%), Qumasha Ibrahim Obaid Al-Jabr who owns (12,096,000) shares at a rate of (6.048%), and Mohammed Abdulaziz Saleh Al-Haqbani who owns (11,873,761) shares, representing (5.937%) of the Issuer's shares, as in the shareholders' register dated 28/03/1446H (corresponding to 01/10/2024G) and issued on 30/03/1446H (corresponding to 03/10/2024G).

Investing in the shares subject to the transfer from the Parallel Market to the Main Market involves risks and uncertainties. Therefore, the «Important Notice» and «Risk Factors» sections of this Transfer Document must be carefully studied by potential investors before making a decision to invest in the Issuer's shares after completing their transfer and listing in the Main Market.

After announcing approval of Tadawul Group to transfer the Issuer's shares to the Main Market, Saudi Tadawul Company «Saudi Exchange» will suspend trading the Issuer's shares on the day following the end of the period of publishing the Transfer Document for a period not exceeding five trading sessions, and then the procedures for Transfer will proceed (please see page (F) «Transfer Timeline of the Issuer's shares in the Main Market»).

Financial Advisor
الدخيل
Aldukheil

«This transfer document includes information provided as part of the application for transfer to the Main Market in compliance with the Listing Rules of the Saudi Stock Exchange. The directors, whose names appear on page (C), collectively and individually accept full responsibility for the accuracy of the information contained in this transfer document 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 Authority and the Exchange do not take any responsibility for the content of this Document, 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 Document.»

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leadership &
excellence.**





Important Notice

This Document provides complete detailed information about Banan Real Estate Company and the shares to be transferred from the Parallel Market (Nomu) to the Main Market. Potential Investors who apply to subscribe to the transferred shares after completing the transfer of the Issuer's shares, listing them and starting their trading in the Main Market will be treated on the basis that their decisions to invest are based on the information contained in this Document, copies of which can be obtained from the websites of the Issuer (www.bananrealestate.com), Aldukheil Financial Group (www.aldukheil.com.sa), or Saudi Tadawul Company «**Saudi Exchange**» (www.saudiexchange.sa). The Financial Advisor, «**Aldukheil Financial Group Company**» will also announce on the Saudi Tadawul Company's website «**Saudi Exchange**» about publishing the Transfer Document and making it available to the Investors during the period specified in accordance with the Listing Rules (for a period of ten days before transferring to the Main Market).

After obtaining the Tadawul Group's approval of the transfer request to the Main Market, the Issuer must publish the Transfer Document within three trading days following the announcement of the Tadawul Group's approval of the transfer request.

The Transfer Document contains information provided according to the requirements of the Listing Rules issued by Saudi Exchange. The Directors whose names appear on page (C) collectively and individually accept full responsibility for the accuracy of the information contained in this Transfer Document and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Tadawul Company «**Saudi Exchange**» take no responsibility for the contents of this Document, and they do not give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility whatsoever for any loss resulting from the information mentioned in the Document or from depending on any part thereof.

The Issuer has appointed Aldukheil Financial Group as a Financial Advisor («**Financial Advisor**») in relation to the transfer of the Issuer's shares and listing them on the Main Market.

The information contained in this Document as of the date hereof is subject to change. In particular, the actual financial condition of the Issuer and the value of the Shares may be adversely affected by future developments in inflation, interest rates, taxation, or other economic, political and other factors, over which the Issuer has no control (See Section (2) «**Risk Factors**» of this Document). Neither the delivery of this Document nor any oral, written or printed interaction in relation to the Issuer's Shares is intended to be or should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

This Document is not to be regarded as a recommendation on the part of the Issuer, its directors, or any of its advisors to participate in the investment in the shares to be transferred. The information provided in this Document is of general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs for investors who may wish to invest in the Shares to be transferred. Prior to making an investment decision, each recipient of this Document is responsible for obtaining independent professional



advice from a financial advisor who is licensed by CMA in relation to subscription to the intended Shares subject to transfer and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and needs of those investors.

Financial Information

The Issuer's audited consolidated financial statements for the fiscal year ending on 31/12/2023G, the Issuer's audited consolidated financial statements for the fiscal year ending on 31/12/2022G, and the audited consolidated financial statements for fiscal year ending on 31/12/2021G, and the reviewed consolidated Interim financial statements for the financial period ending June 30, 2024G, which are included in this Document, were prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The consolidated Interim financial statements for the financial period ending June 30, 2024G were reviewed, and the financial statements for the fiscal year ending on 31/12/2023G, and the financial statements for the fiscal year ending on 31/12/2022G were audited by Alluhaid & Alyahya Chartered Accountants («**LYCA**»), while the financial statements for the fiscal year ending on 31/12/2021G were audited by Osama Abdullah Al-Khereiji and Partners Co., certified public accountants and business consultants. The Issuer issues its financial statements in Saudi riyals.

Forecasts and Forward-looking Statements

Forecasts set forth in this Document have been prepared on the basis of specific and announced assumptions. The Issuer's future conditions may differ from the assumptions used now, and no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Document constitute «**Forward-looking statements**». Such statements can generally be identified by their use of forward-looking words such as «**intends**», «**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 Issuer 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 Issuer to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail in other sections thereof. (See Section (2) «**Risk Factors**» of this Document). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Issuer's actual results may vary materially from those described in this Document.

As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events and conditions set out in this Document may not occur as expected by the Issuer or may not occur at all. Accordingly, potential investors should examine all future statements in the light of these interpretations and not rely primarily on these forward-looking statements.





Company Directory

Board of Directors

The Issuer is managed by a Board of Directors consisting of (6) six members elected by the Ordinary General Assembly of shareholders for a period not exceeding (4) four years.

The members of the current Board of Directors were elected by the Ordinary General Assembly held on 27/04/1444H (corresponding to 21/11/2022G). The current term began on 02/06/1444H (corresponding to 26/12/2022G), for a period of three Gregorian years ending on 05/07/1447H (corresponding to 25/12/2025G).

Name	Position and Independence	Status	Nationality	Age	Direct Ownership	Indirect Ownership	Date of Membership
Abdul Mohsen Abdulaziz Saleh Al-Haqbani*	Chairman	Non-executive	Saudi	50	8.0610%	0.0882%	26/12/2022G
Ahmed Abdul Rahman Abdulaziz Al Haqbani**	Deputy Chairman	Non-executive	Saudi	41	0.1000%	0.0600%	26/12/2022G
Faisal Mohammed Abdulaziz Al-Haqbani	Member	Non-executive	Saudi	33	0.6500%	None	26/12/2022G
Naif Bin Abdullah AL-Sofayan	Member	Non-executive	Saudi	52	1.2660%	None	26/12/2022G
Ahmed Suleiman Salama Al-Muzaini	Member	Independent	Saudi	47	None	None	26/12/2022G
Abdulaziz Mohammed Abdulaziz Al-Qabbani	Member	Independent	Saudi	42	None	None	26/12/2022G

Note (1): The ownership percentages mentioned in the table above are rounded percentages. They are extracted from the shareholder register dated 28/03/1446H (corresponding to 01/10/2024G) issued on 30/03/1446H (corresponding to 03/10/2024G).

Note (2): The independence characteristics of the members of the Board of Directors have been identified based on the Corporate Governance Regulations issued by the Capital Market Authority.

*The indirect ownership of the Chairman of the Board, Abdul Mohsen Abdulaziz Saleh Al-Haqbani, is represented by the ownership of his wife Dalal Fahd Abdulrahman Al-Obaikan, his minor son Fahd Abdulmohsen Abdulaziz Al-Haqbani, his minor son Abdulaziz Abdulmohsen Abdulaziz Al-Haqbani, and his minor daughter Sarah Abdulmohsen Abdulaziz Al-Haqbani.

** The indirect ownership of the Vice Chairman of the Board, Ahmed Abdul Rahman Abdulaziz Al Haqbani, is represented by the ownership of his wife Nouf Khalid Mohammed Al-Buwardi, his minor son Abdulrahman Ahmed Abdulrahman Al-Haqbani, and his minor daughter Seetah Ahmed Abdulrahman Al-Haqbani.



Address of The Registered Issuer

Banan Real Estate Company

Prince Mohammed bin Abdulaziz Road, Al-Maathar Al-Shamali District, Riyadh
Postal code 12314
Kingdom of Saudi Arabia
Tel: +966-11-4808085
Fax: +966-11-4801457
Website: www.bananrealestate.com
Email: info@bananrealestate.com



First Issuer Authorized Representative

Name: Abdul Mohsen Abdulaziz Saleh Al-Haqbani

Position: Chairman of the Board of Directors
Banan Real Estate Company
Address: 2195 Prince Mohammed bin Abdulaziz Road, 7462 Al-Ma'athar Al-Shamali District, postal code 12314, Riyadh 7462.
Kingdom of Saudi Arabia
Tel: +966-11-4808085 Ext: 222
Fax: +966-11-4801457
Website: www.bananrealestate.com
Email: abdulmohsen@bananrealestate.com

Second Issuer Authorized Representative

Name: Majid Abdullah Mohammed Al-Nasser

Position: Chief Executive Officer
Banan Real Estate Company
Address: 2195 Prince Mohammed bin Abdulaziz Road, 7462 Al-Ma'athar Al-Shamali District, postal code 12314, Riyadh 7462.
Kingdom of Saudi Arabia
Tel: +966-11-4808085 Ext: 111
Fax: +966-11-4801457
Website: www.bananrealestate.com
Email: malnasser@bananrealestate.com

Stock Exchange

Saudi Tadawul Company (Saudi Exchange)

Unit No.: 15, King Fahd Road, Olaya, Riyadh
P.O. Box 6897, Riyadh 12211 - 3388
Kingdom of Saudi Arabia
Tel: +966 920001919
Fax: +966 11 2189133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa



Advisors

Financial Advisor

Aldukheil Financial Group

Aldukheil Financial Group
Naeem Bin Hammad Street, Al-Wizarat District, Riyadh
P.O. Box 2462, Riyadh 11451
Kingdom of Saudi Arabia
Tel: +966 11 4309800
Fax: +966 11 4787795
Website: www.aldukheil.com.sa
Email: info@aldukheil.com.sa





Legal Advisor

Mohammed bin Abdul Karim Alobaid Law Firm

Lawyers and Legal Consultants

King Abdullah Road, Al Hamra District, Riyadh
P.O. Box. 6389 Riyadh 13216
Kingdom of Saudi Arabia
Tel: +966 11 2385894
Email: mohammed@obaidlaws.com



Financial Due Diligence Advisor

Price Waterhouse Coopers Company (pwc)

Kingdom Tower, Olaya, Riyadh
P.O. Box 8282, Riyadh 11482
Kingdom of Saudi Arabia
Tel: +966 11 2110400
Fax: +966 11 2110401
Website: www.pwc.com
Email: info@pwc.com



Current Auditor

Alluhaid & Alyahya Chartered Accountants («LYCA»)

King Fahd Road, Al-Mohammediyah District, Riyadh
P.O. Box. 85453 Riyadh 11691
Kingdom of Saudi Arabia
Tel: +966 11 2693516
Fax: +966 2694419
Website: www.lyca.com.sa
Email: info@lyca.com.sa



Previous Auditor

Osama Abdullah Al-Khereiji and Partners Co., Certified Public Accountants and Business Consultants

Al-Rawda District - Mahmoud Arif Street
P.O. Box. 15046 Jeddah 21444
Kingdom of Saudi Arabia
Tel: +966-12-6600085
Fax: +966-12-6609320
Website: www.oakcpa.com
Email: info@oakcpa.com



Note: All of the above-mentioned Advisors have given their written consent to use their names, logos and statements in this Document in the form and context appearing in it, and none of them has withdrawn their consent until the date of this Document.



Transfer Timeline of the Issuer's shares in the Main Market

Event	Date
Date of approval of the Board of Directors to transfer from the Parallel Market to the Main Market	Tuesday 16/12/1444H (corresponding to 04/07/2023G)
Date of publication of the Board of Directors report	Thursday 18/09/1445H (corresponding to 28/03/2024G)
Date of submitting the transfer application from the Parallel Market to the Main Market	Wednesday 28/11/1445H (corresponding to 05/06/2024G)
Date of obtaining Saudi Tadawul Company approval	Monday 16/05/1446H (corresponding to 18/11/2024G).
Period of publication of the transfer document for inspection on the websites of the Issuer, the Exchange and the Financial Advisor	Ten trading days starting from Wednesday 18/05/1446H (corresponding to 20/11/2024) and ending on Tuesday 02/06/1446H (corresponding to 03/12/2024)
Date of suspension/stoppage of trading of the issuer's shares for the purpose of transferring them to the main market	Wednesday 03/06/1446H (corresponding to 04/12/2024)
Date of the last day of the trading suspension period on the share for the purpose of transfer	Within a period not exceeding (5) five trading days from the date of suspension of the Issuer's shares.
Date of transfer from the Parallel Market to the Main Market	The date of transition to the main market will be announced via the Saudi Exchange website.

Note: The dates and schedules will be announced on the website of the financial advisor (Aldukheil Financial Group) (www.aldukheil.com.sa), on the website of Banan Real Estate Company (www.bananrealestate.com), in local newspapers within the Kingdom, and on the Saudi Exchange website (www.saudiexchange.sa).



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Terms and Definitions

01





1- Terms and Definitions

The following table provides a list of definitions and abbreviations for terms used in this Transfer Document:

Table 1: Terms and Definitions

Term	Definition
The Company or the Issuer	Banan Real Estate Company, a public joint stock company.
Management, Senior Management or Executive Management	Management of Banan Real Estate Company.
The Board or Board of Directors	The Issuer's Board of Directors whose names appear on page (c) of this Document.
Bylaws or Articles of Association	Bylaws of the Issuer.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
Share	An ordinary share at a nominal value of (SAR 1) one Saudi riyal from the shares of Banan Real Estate Company.
Nominal value	The nominal value of the Issuer's shares, which is (SAR 1) one Saudi riyal per share.
Voting rights	Voting rights in the Issuer's General Assemblies. The Issuer has only one category of shares, which is the ordinary shares, and no shareholder enjoys preferential voting rights. Each share shall be granted to its holder one vote, and each shareholder, regardless of the number of shares he owns, shall have the right to attend and vote in the General Assembly.
Person	Natural or legal person.
Investor	A natural or legal person who owns or intends to own securities, including deposited securities.
Shareholder or shareholders	The shareholder or shareholders of the Issuer at any time.
Substantial Shareholders	The Issuer's shareholders who own 5% or more of the Issuer's shares and whose names appear on cover page of this Document.
Transfer Document / the Document	This Transfer Document, which is the document required to transfer the Issuer's shares from the Parallel Market to the Main Market, according to the Listing Rules.
Main Market	The market in which securities that have been registered and offered under Part Four of the Rules on the Offer of Securities and Continuing Obligations are traded and accepted for listing under Part Three of the Listing Rules.
Parallel Market «Nomu»	The market in which shares that have been registered and offered under Chapter Seven of the Rules on the Offer of Securities and Continuing Obligations are traded and accepted for listing under Chapter Eight of the Listing Rules.
Advisors	The Issuer's advisors whose names appear on pages (D) and (E).
Financial Advisor	Aldukheil Financial Group Company.
Kingdom or Saudi Arabia	Kingdom of Saudi Arabia.
The Government	Government of the Kingdom of Saudi Arabia.
Capital Market Authority or the Authority	Capital Market Authority in the Kingdom of Saudi Arabia.
Saudi Tadawul	Saudi Tadawul Company.



Term	Definition
The Exchange	Saudi Tadawul Company or Saudi Stock Exchange as required by the context, and where applicable.
Saudi Organization for Chartered and Professional Accountants (SOCPA)	Saudi Organization for Chartered and Professional Accountants (SOCPA).
Zakat, Tax and Customs Authority	Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia is a government agency that is organizationally linked to the Minister of Finance, and it is the authority entrusted with the work of collecting Zakat and taxes.
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
Ministry of Municipal, Rural Affairs and Housing	Ministry of Municipal, Rural Affairs and Housing in the Kingdom of Saudi Arabia.
Civil Defense	The General Directorate of Civil Defense in the Kingdom of Saudi Arabia.
Fiscal year/fiscal years	It is the period of time for displaying the results of the activity of the Issuer, the beginning and end of which are specified in the Articles of Association or Bylaws of the concerned company. Note that the Issuer's fiscal year ends on 31 December of every Gregorian year.
Financial Statements	The Issuer's audited consolidated financial statements for the fiscal year ending on 31/12/2021G, the audited consolidated financial statements for the fiscal year ending on 31/12/2022G, and the audited consolidated financial statements for the fiscal year ending on 31/12/2023G, and the reviewed consolidated Interim financial statements for the financial period ending June 30, 2024G, which were prepared in accordance with the International Financial Reporting Standards (IFRS) accredited by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
Listing	Listing of securities in the Main Market or Parallel Market or - where permitted by the text - submitting a listing application to the Saudi Stock Exchange.
The Transfer	Transferring of the Issuer's shares from the Parallel Market to the Main Market.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority under resolution no. (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued under Royal Decree no. (m/30), dated 02/06/1424H (corresponding to 01/08/2003G), and amended under the Capital Market Authority Board resolution no. (3-114-2024), dated 04/04/1446H (corresponding to 07/10/2024G).
Listing rules	Listing Rules approved by Capital Market Authority Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by Capital Market Authority Board Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G) and amended by Capital Market Authority Board Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G) and amended by Capital Market Authority Board Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G) and amended by CMA Board Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G) and amended by Capital Market Authority Board Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G) and amended by the Capital Market Authority Board Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G) and amended by Capital Market Authority Board Resolution No. (4-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G).
Companies Law	The Companies Law issued by Royal Decree No. (m/132) on 01/12/1443H (corresponding to 30/06/2022G), and its amendments.





Term	Definition
Corporate Governance Regulations	The Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by the board of the Capital Market Authority under resolution no. (8-16-2017), dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under royal decree No. (m/3), dated 28/01/1437H (corresponding to 10/11/2015G), and amended by the Capital Market Authority resolution of No. (8-05-2023G), dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (m/132) on 01/12/1443H (corresponding to 30/06/2022G).
Capital Market Law	The Capital Market Law issued by Royal Decree No. m/30 dated 02/06/1424H (corresponding to 31/07/2003G), and the amendments thereto.
Nitaqat / Saudization program	The Saudization program (Nitaqat) was approved pursuant to Ministry of Labor Resolution No. (4040) dated 12/10/1432H (corresponding to 10/09/2011G) based on the Cabinet Resolution No. (50) dated 21/05/1415H (corresponding to 27/10/ 1994G) and Ministerial Resolution No. (182495) dated 15/11/1442H (corresponding to 25/06/2021G), which stipulated the amendment of the Nitaqat program to the Developer's Nitaqat program. The Kingdom's Ministry of Labor has launched a (Nitaqat) program to provide incentives for entities to hire Saudi nationals. This program evaluates the performance of any entities on the basis of specific bands, namely Platinum, Green and Red.
Tadawul Law, or Trading	Automated system for trading Saudi stocks.
International Financial Reporting Standards (IFRS)	A set of accounting standards and their interpretations issued by the Board of International Financial Reporting Standards.
Value added tax	The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the unified agreement for value-added tax for the GCC States, which is an indirect tax imposed on all goods and services that are bought and sold by entities, along with some exceptions. The Kingdom of Saudi Arabia has committed to applying the value-added tax at a rate of 5% starting from 14/04/1439H (corresponding to 01/01/2018G), and the value-added tax was imposed at every stage of the supply chain, starting from production, through distribution, until the final sale of the commodity or service. Starting from July 2020G, the Government of the Kingdom of Saudi Arabia decided to increase the value-added tax rate from 5% to 15%, and a number of products have been excluded from it (basic food and services related to health care and education). The consumer pays the cost of value-added tax on goods and services that he buys. As for the entities, they pay the Government the value-added tax that is collected from consumer purchases, and the entities recover the value-added tax that they paid to their suppliers.
Saudization / Nationalization	Labor regulations in the Kingdom of Saudi Arabia that require companies operating in the Kingdom to employ a certain percentage of Saudis.
Working day	Any working day except for Friday and Saturday, and any day that is an official holiday in the Kingdom of Saudi Arabia, and any day on which banking institutions close their doors to work in the Kingdom in accordance with the applicable regulations and other government procedures.
Labor Law	The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G) and its amendments.
H	Hijri calendar.
G	Gregorian calendar.
Tadawul Day	The day on which trading is available as determined by the Exchange from time to time.
General Assembly	The General Assembly of the Issuer's shareholders.
Ordinary General Assembly	The Ordinary General Assembly of the Issuer's shareholders.
Extraordinary General Assembly	The Extraordinary General Assembly of the Issuer's shareholders.



Term	Definition
Public	In the Glossary of Defined Terms used in the Exchange Rules or the Rules on the Offer of Securities and Continuing Obligations means persons not mentioned below: 1. Affiliates of the Issuer. 2. Substantial shareholders of the Issuer. 3. Directors and senior executives of the Issuer. 4. Directors and senior executives of the affiliates of the Issuer. 5. Directors and senior executives of substantial shareholders of the Issuer. 6. Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7. Any Company controlled by any person in (1, 2, 3, 4, 5, or 6) above. 8. Persons who act together in agreement and jointly own (5%) or more of the class of shares that will be listed.
Related Party	In the Rules on the Offer of Securities and Continuing Obligations means: 1. Affiliates of the Issuer except for wholly owned companies. 2. Substantial shareholders of the Issuer. 3. Directors and senior executives of the Issuer. 4. Directors of affiliates of the Issuer. 5. Directors and senior executives of substantial shareholders of the Issuer. 6. Any relatives of persons described at (1, 2, 3 or 5) above. 7. Any Company or establishment controlled by any person described at (1, 2, 3, 5, or 6) above. For the purposes of Paragraph (6) of this definition, the term «relatives» shall mean a parent, spouse, and children.
Risk Factors	Potential signs and indicators that must be known and provided for prior to taking an investment decision in the shares subject to transfer.
SAR or SR	Saudi Arabian Riyal, the official currency of the Kingdom of Saudi Arabia.
Control	According to the Glossary of Defined Terms used in the Exchange Rules and the glossary of terms used in the CMA regulations and rules issued by the CMA, control is the ability to influence the actions or decisions of another person, though, whether directly or indirectly, alone or with a relative or affiliate, through any of the following: (1) Holding 30% or more of the voting rights in a company; or (2) Having the right to appoint 30% or more of the members of the governing body.
Subsidiary	According to the list of terms used in the regulations and rules of the Capital Market Authority issued by the Authority, a Subsidiary is any company controlled by the Issuer.
Affiliate	According to International Accounting Standard No. (28) approved by the Saudi Organization for Certified Public Accountants, an affiliate is any company over which the Issuer has significant influence.
White lands	Each vacant land designated for residential or commercial residential use within the boundaries of the urban range.
Wafi	The committee provided for in Clause (Second) of the controls related to the sale or lease of off-plan real estate units and approved by Cabinet Resolution No. (536) dated 04/12/1437H.
Infrastructure works	Providing the project land with infrastructure networks and preparing it for construction.
Superstructure works	Building and implementing residential or commercial units in the project.
Ejar Platform	An electronic network that regulates the real estate rental sector in the Kingdom and preserves the rights of the parties to the rental process (tenant, landlord, real estate broker).



Risk Factors

02



2- Risk Factors

Investing in shares that will be transferred from the Parallel Market and listed in the Main Market involves high risks, and investing in them may not be appropriate except for investors who are able to evaluate the advantages and risks of this investment and bear any loss that may result from it.

Anyone wishing to invest in shares that will be transferred from the Parallel Market and will be traded in the Main Market must carefully study all the information contained in this Document, including the risk factors shown below, before making any decision to invest in the shares subject to the transfer. Risks described below may not include all the risks that the Issuer may face, and it is possible that there are additional factors that are not known to the Issuer at the present time, that would affect its operations.

The Issuer's activity, financial conditions, prospects, results of operations, and cash flows may be materially and adversely affected if any of the risks included in this section occur or materialize, and which the Issuer's management currently considers to be material. This is in addition to any other risks that the Board of Directors has not identified or currently classifies as immaterial but may actually occur and become material.

In the event of the occurrence or realization of a risk factor that the Issuer's management believes at the present time to be material, or the occurrence of any other risks that the Issuer's management has not been able to identify, or which it considers at the present time to be immaterial, this may lead to a decrease in the Issuer's share price in the market, a weakening of its ability to distribute profits to shareholders, and the investor may lose all or part of his investment in the Issuer's shares.

The members of the Issuer's Board of Directors declare that, to the best of their knowledge and belief, there are no other material risks as at the date of this Document other than those mentioned in this section, that could affect investors' decisions to invest in shares that will be transferred from the Parallel Market to the Main Market. The risks and uncertainties set out below are presented in an order that is not representative of their importance. Additional risks and uncertainties, including those not currently known or considered immaterial, may have the effects described above.

2-1 Risks related to the Issuer's Activity and Operations

2-1-1 Risks of not obtaining and renewing the necessary licenses, permits and certificates

The Issuer is subject to many regulations and laws that require it to obtain several necessary licenses and permits from the competent regulatory authorities in the Kingdom to carry out its activities. The Issuer and its Subsidiary currently operate under a number of licenses, certificates and permits related to its activities, including but not limited to, commercial registration certificates for the Issuer and its subsidiaries issued by the Ministry of Commerce, trademark registration certificates, Chamber of Commerce membership certificate, municipal licenses, civil defense permits, Saudization, Zakat and GOSI certificates, building and renovation licenses, the



real estate developer qualification certificate (Wafi) issued by the Ministry of Municipal, Rural Affairs and Housing, Real estate brokerage and marketing license (FAL), and others.

These licenses shall continuously remain in effect through the Issuer's compliance with the laws and regulations relating to such licenses and fulfillment of certain conditions. In the event that the Issuer fails to fulfill and adhere to such conditions, it may not be able to renew existing licenses or obtain new ones that it may need for its activities or expansion purposes, which may result in stopping, or suspending the Issuer's activities, and expose it to financial fines, and thus have a negative and material impact on the results of the Issuer's business, financial condition and prospects.

2-1-2 Risks of non-compliance with the Companies Law and the Issuer's Articles of Association

The new Companies Law was recently issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G). Paragraph (Third) of the Royal Decree stipulated that existing companies shall amend their situations in accordance with the provisions of the new law within a period not exceeding two years, starting from the date of its entry into force, on 26/06/1444H (corresponding to 19/01/2023G). The new Companies Law imposes some regulatory requirements that the Issuer must adhere to. This requires the Issuer to take specific procedures and measures to comply with such requirements and implement them on time, which may affect the Issuer's business plan or take a long time to implement. Although the Issuer has done what is necessary to amend its status and amend its bylaws to be compatible with the new Companies Law, but if it is unable to amend its status completely and as required within the status adjustment period and as applicable in accordance with the new Companies Law, this may expose it to penalties or fines, and thus has a negative and material impact on the Issuer's business, financial condition and results of operations.

The Companies Law also imposes strict penalties for violating its provisions and mandatory rules, as fines for violating any of its provisions reach (500,000) five hundred thousand Saudi riyals. The Companies Law also imposes penalties for serious crimes with imprisonment for a period not exceeding (three) years and a fine not exceeding (5,000,000) Saudi riyals or one of these two penalties, and for less serious crimes with imprisonment for a period not exceeding (one year) and a fine not exceeding (1,000,000) Saudi riyals or one of these two penalties. Therefore, if the Issuer is exposed to one of these penalties as a result of his failure to comply with these provisions, or in the event of his failure to comply with the provisions of its bylaws, this will have a negative and material impact on the Issuer's business, financial condition and results of its operations.

2-1-3 Risks of non-compliance with the Capital Market Law and its Implementing Regulations

The Issuer is subject to the articles of the Capital Market Law, the rules, regulations and circulars issued by the Capital Market Authority and as well as the Companies Law issued by the Ministry of Commerce, except for those articles that are considered indicative or do not apply to it in the Parallel Market. When the Issuer's shares move to the Main Market, all mandatory provisions



stipulated in those laws and regulations that apply to companies listed on the Main Market will apply to the Issuer. In the event that the Issuer is unable to adhere to and abide by any of the rules and regulations to which companies listed on the Main Market are subject, it will be subject to financial fines and penalties such as temporarily suspension of trading in shares or canceling the listing of the Issuer's shares in the event that it does not comply with the regulations, which will have a negative and material impact on the Issuer's business, results of operations, financial performance, profitability and prospects.

2-1-4 Risks of recent application of Governance rules that must be applied in the Main Market

The Issuer has taken measures related to implementing the mandatory provisions of the Corporate Governance Regulations issued by the Capital Market Authority. The Issuer also published the Board of Directors' report for the year 2023G in accordance with the requirements of the Corporate Governance Regulations before the date of filing the application to transfer to the Main Market. While the Corporate Governance Regulations are indicative for companies listed on the Parallel Market (Nomu), the Issuer is obligated after being transferred to the Main Market to apply all the mandatory provisions imposed by the Corporate Governance Regulations on companies listed on the Main Market. It is worth noting that Banan Real Estate Company has an internal governance regulation and has issued several policies and regulations that were formulated in accordance with the updated Corporate Governance Regulations issued by the Capital Market Authority in preparation for submitting the request to transfer to the Main Market. These regulations and policies have been approved by the Issuer's Board of Directors and by the Shareholders' Assembly as applicable. The success of the Issuer in the correct application of those policies and regulations depends on their correct understanding and awareness by the Board of Directors, its committees and the Issuer's senior executives. The Board of Directors, its committees and senior executives of the Issuer may face some difficulties in quickly adapting to and implementing some of the governance and ongoing disclosure requirements of companies listed on the Main Market. Therefore, in the event that the members of the Board of Directors, committees, and senior executives are unable to carry out the responsibilities assigned to them to ensure the protection of the interests of the Issuer and its shareholders, or in the event of their inability to commit to implementing the governance regulations effectively, or failure to comply with the requirements of continuous disclosure after moving to the Main Market, or in the event that failure to implement any of the mandatory provisions contained in the Corporate Governance Regulations, this will subject the Issuer to penalties, fines and violations and will negatively affect its reputation and efficiency, which will have a material negative impact on the Issuer's business, future prospects, financial condition, operating results and stock price.

2-1-5 Risks of inability to implement the business plan and achieve the targeted growth strategy

The Issuer's future performance depends on its ability and success in implementing its business plan and implementing the targeted growth strategy. Therefore, if the Issuer is unable to successfully implement its plans for any reason, such as lack of funding, lack of employment, lack of necessary licenses, etc., this will materially and negatively affect its future performance





and hence the results of its operations and financial condition. Likewise, if the Issuer is unable to implement the expansion plans according to the specified timetable and estimated costs, or in the event of not achieving the desired profitability from the expansion operations, which may be due to various reasons, including a change in the market situation at the time of implementing the expansion or in the event of a defect in the feasibility study, this will negatively affect the competitive position of the Issuer, and thus its business results, profitability and prospects.

2-1-6 Risks related to credit and the Issuer's inability to collect its dues

Credit risk is the risk that one party to a financial instrument contract will fail to fulfill its contractual obligations to the other party, resulting in the Issuer incurring financial losses. The Issuer may face credit risks in several temporary or permanent situations, including, for example, the presence of unpaid customer debt balances, failure of other debtor parties to fulfill their obligations to the Issuer, or others. If the debtors do not commit to paying the Issuer's receivables on the specified dates or do not commit at all to pay, partially or completely, this will have a material negative impact on the results of the Issuer's operations, financial condition and cash flows.

The balance of the Issuer's net receivables amounted to 2.3 million Saudi riyals for the fiscal year ending on December 31, 2021G, while it amounted to 3.3 million Saudi riyals in the fiscal year ending on December 31, 2022G, and 3.7 million Saudi riyals as in the fiscal year ending on December 31, 2023G, and 3.5 million Saudi riyals as of the fiscal period ending June 30, 2024G, representing 0.4%, 0.5%, 0.6% and 0.5% of the Issuer's total assets in 2021G, 2022G and 2023G, and the six month period ending on 30/06/2024G respectively.

The balance of the expected credit loss provision for the Issuer amounted to (480) thousand Saudi riyals for the fiscal year ending on December 31, 2021G, while it amounted to (708) thousand Saudi riyals in the fiscal year ending on December 31, 2022G, and amounted to (851) thousand Saudi riyals as in the fiscal year ending on December 31, 2023G, and amounted to (3.4) million Saudi riyals as in the financial period ending on June 30, 2024G, representing 17.2%, 17.7% and 18.8% of the total receivables in 2021G, 2022G and 2023G, respectively, while the balance of the expected credit loss provision amounted to 49.3% of the total receivables as of June 30, 2024G. This increase resulted from an increase in the expected credit loss balance.

The average number of days of outstanding sales receivables for the Issuer during the last three years was approximately 27 days, while it reached 38 days as of June 30, 2024G, due to the increase in the balance of receivables during that period. Receivables associated with five of the Issuer's customers constituted 65.6% of the total balance of receivables as of December 31, 2023G, and 56.6% as of June 30, 2024G, most of whom are tenants in one of the Issuer's commercial buildings located in Riyadh. It is worth noting that the Issuer has filed lawsuits that are still pending to claim the rental value from some of those customers who are late or in default in payment. The Issuer also recorded a relatively high provision for credit losses as of June 30, 2024G based on the reserve matrix model where the credit loss provision ratio was applied at 21% on balances due for 1-90 days, 33% on balances due for 91-180 days, 62% on 181-260 days, and 85% on balances due for more than 360 days. While the credit loss provision ratio as of December 31, 2023G was 0.0% on balances due for 1-90 days, 0.1% on balances due for 91-180 days, 2.3% on 181-260 days, and a full reserve of 100% on balances due for more than 360 days. (For more details, please see Subsection



No. (5-7-2-8) «**Trade Receivables, Net**» and Subsection No. (5-8-2-7) «**Trade Receivables, Net**» of Section No. (5) «**Financial Information and Management's Discussion and Analysis**» in this Document.)

The Issuer's credit risk is managed by obligating tenants to pay rents or part thereof in advance. However, if one or more of the parties contracting with the Issuer defaults on the financial dues due to their financial insolvency, disruption of their operations, procrastination or bankruptcy, this will have a material adverse effect on the Issuer's revenues, profits, financial condition, cash flows and results of operations.

2-1-7 Risks related to lawsuits and fines

In the course of business, the Issuer is exposed to a number of cases and lawsuits with several parties. The Issuer or members of its Board of Directors may also enter into judicial proceedings with some parties, including tenants, customers, competitors, or employees. If the rulings issued in these lawsuits and judicial procedures are not in the interest of the Issuer, this will have a negative and material impact on the Issuer's business, results of operations, financial condition and prospects. There are (25) lawsuits filed by the Issuer and its Subsidiary against some tenants, as of June 30, 2024G, and (28) lawsuits as of the date of this Document, most of which are enforcement orders against the defendants to pay the rent payments owed to them or to vacate the relevant commercial or residential units due to breach of the lease contract and failure to effect due payments. The value of the financial impact of these lawsuits in favor of the Issuer amounted to approximately 3.5 million Saudi riyals as of 30 June 2024G. Of that total, SAR 2.7 million relates to three tenants of the Issuer in a commercial building in Riyadh. (For more details, please see Subsection (4-18) «**Disputes and Lawsuits**» from Section (4) «**Legal Information and Directors' Declarations**» in this Document). Although the Issuer has taken into account such overdue or delinquent receivables within the expected credit loss provision model. However, it cannot accurately predict the cost of lawsuits or legal proceedings that it may file or that may be filed against it, or the final results of such lawsuits or judgements issued therein, including compensations and penalties. The Issuer does not guarantee that disputes will not arise in the future between it and internal parties (such as employees or managers) or external parties with whom it deals, which may lead to lawsuits being filed against the Issuer. Future lawsuits may include - but are not limited to - Zakat and tax issues, labor law, contracting with customers and suppliers, and other damages resulting from negligence or fraud by persons or institutions in a manner beyond the Issuer's control. Accordingly, any negative results of such lawsuits will have a material and negative impact on the Issuer's business, reputation, results of operations, and financial condition. Other than as disclosed in Subsection (4-18) «**Disputes and Lawsuits**» of Section (4) «**Legal Information and Directors' Declarations**», the Issuer is not a party to any lawsuit, claim, arbitration or administrative proceeding, jointly or severally, outside the ordinary course of its business or which would materially affect its business or financial condition.

2-1-8 Risks related to lease contracts concluded with tenant customers and their possible inability to pay the rents due from them

The Issuer's income depends mainly on rental income from real estate, which depends mainly on the extent to which tenants are committed to paying at the specified times. The average duration of the Issuer's lease contracts is approximately 5 years, while the average duration of





the Subsidiary's lease contracts is one year, subject to renewal. There are no guarantees by the Issuer that these contracts will be renewed with existing tenants or that they will be renewed on favorable terms, or that new contracts will be concluded with new tenants. The Issuer may also face some challenges, such as tenants' procrastination in vacating properties upon the expiration of their contracts, or their inability to pay the due rental value, or their delay in paying it, which will have a material impact on the Issuer's cash flows and its ability to pay its obligations. Accordingly, if the Issuer is unable to maintain its revenues from lease contracts at the required level and to collect them on time, the results of its operations and financial position will be negatively and materially affected. It is worth noting that the Issuer has two (2) income-generating lease contracts concluded between the client and the old owner of the property, i.e. the Issuer is not a party to those lease contracts. The term of each contract is 15 calendar years, where the term of one of these contracts extends from 01/07/2019G to 01/07/2034G and is renewed for a period of five years until 01/07/2039G, and the term of the other contract extends from 01/01/2020G to 01/01/2035G and is renewed for a period of five years until 01/01/2040G. The two contracts are renewable for an additional five years unless the tenant wishes to terminate them by written notice submitted to the landlord six (6) months prior to the specified date of termination according to the conditions stipulated in the two lease contracts, noting that the rental value of the leased property varies every five years during the term of each of the two contracts, where the rental value for the last five years subject to renewal is estimated according to the market price at that time. The total rental value for the remaining period of the first contract is approximately 16 million Saudi riyals, while it is approximately 8 million Saudi riyals for the second contract. It is worth noting that the Issuer has not been able to conclude a contract addendum confirming its status in the contractual relationship in the two contracts referred to as a lessor after owning the property, as at the time the Issuer purchased the building, it was fully leased with paper contracts and all contracts with the tenants were re-documented except for one tenant, the party referred to in the aforementioned two lease contracts, due to that tenant's refusal to document the contracts electronically due to the existence of clauses in the paper contracts in his favor that cannot be reflected in the electronic contracts. The tenant also set a condition for documenting the contracts, which is that the rental value for the last five years subject to renewal be determined and mentioned in the electronic contracts, but this condition cannot be implemented in practice as it is impossible to determine the real estate market price for the year 2034G and beyond. Although the Issuer purchased the property after concluding these contracts and is considered the owner of the benefit and rent under the property title deed and although he currently collects the rent from the tenant, it is not guaranteed that the client will continue to pay the rental value to the Issuer according to the assumed contractual terms and conditions, especially since there is no documented contract between the tenant and the Issuer in which the Issuer appears as the official and legal lessor, which may lead to disputes and lawsuits and the Issuer incurring additional costs or losses as a result of the client's failure to pay or as a result of incurring the costs of lawsuits, which will negatively affect the Issuer's revenues, profits, financial condition, cash flows and results of its operations.



2-1-9 Risks related to some members of the Board of Directors engaging in business competitive with that of the Issuer

In accordance with Article (44) of the Corporate Governance Regulations and Article (27) of the Companies Law, a member of the Board of Directors may not participate in any business that would compete with the Issuer, or compete with the Issuer in one of the branches of activity that he practices. Otherwise, the Issuer may demand appropriate compensation through the competent judicial authority, unless it has previously obtained a license from the Ordinary General Assembly - to be renewed every year - allowing it to do so in accordance with the controls set by the competent authority.

It is worth noting that some members of the Issuer's Board of Directors manage companies that operate in activities similar to or competing with the Issuer's business, directly or indirectly, in their capacity as either general manager, board member, or vice CEO in those companies, which may lead to a conflict of interest between the relevant board member on the one hand, and the business of the Issuer on the other hand. (For more details, please see Subsection No. (4-2-1) «**List of Competing Businesses by Members of the board of directors**» from Section No. (4) «**Legal Information and Declarations of Board Members**» in this Document).

The Ordinary General Assembly, held on 23/03/1445H (corresponding to 08/10/2023G), approved the participation of each of the members of the Board of Directors: Mr. Naif Bin Abdullah AL-Sofayan and Mr. Faisal Mohammed Al-Haqbani in businesses similar to or competitive with the business of the Issuer through their management of it or their membership in its boards of directors or contribution to its capital. The Ordinary General Assembly, held on 16/10/1445H (corresponding to 25/04/2024G), also agreed to delegate to the Board of Directors the authority of the Ordinary General Assembly with the license contained in Paragraph (1) of Article (27) of the Companies Law for a period of one year from the date of approval or until the end of the term of the authorized Board of Directors, whichever comes first, in accordance with the conditions contained in the implementing regulations of the Companies Law for public joint stock companies. The Issuer has issued competition standards for the Issuer's business or branches of activity for members of the Board of Directors as well as members of committees, and these standards were approved by the Ordinary General Assembly held on 23/07/1445H (corresponding to 04/02/2024G).

Any board member involved in business competing with the Issuer is expected not to participate in voting on the relevant decisions. One of the potential risks is that the Board of Directors or the General Assembly may not approve participation of board members in a business competing with the Issuer. In this case, the board member who is considered to have an interest in that transaction must submit his resignation or take measures to ensure that he no longer has any interest in a competing business, for example by terminating the contract in question or waiving the rights arising from said interest. These members have an influence on the Issuer's decisions, and sometimes their interests may not be consistent with the interests of the Issuer. Any member of the Board of Directors involved in a competing business may benefit from internal information that is used for private interests or inconsistent with the interests and objectives of the Issuer, which would have a negative and material impact on the Issuer's business, results of operations, financial condition and prospects.





2-1-10 Risk relating to contingent liabilities

Any contingent liabilities on the Issuer, such as costs related to Zakat, taxes, lawsuits, and other obligations or costs related to the Issuer's activity, such as capital expenditures that the Issuer may incur for renovation and restoration of current investment properties, if they materialize, will negatively affect the Issuer's financial situation, financial position, and results of operations and prospects.

2-1-11 Risks of relying on key employees and senior management

The Issuer relies on the efforts and supervision of a number of its leadership personnel and other key staff members to implement its strategy and day-to-day operations. Key employees constitute an important element for the success of the Issuer's business, and therefore the Issuer's inability to retain them or attract people with the same competence will reflect negatively and in a material way on the Issuer's business, results of its operations and financial position.

2-1-12 Risks associated with lack of experience in managing companies listed on the Main Market

Although the Issuer's senior management has experience in managing the Company as a public joint stock company listed on the Parallel Market for more than two years, their experience may not be sufficient to manage joint stock companies listed on the Main Market, including how to adhere to the rules and regulations of joint stock companies listed on the Exchange. The main one is to adhere to the continuous disclosure requirements to which companies listed on the Main Market are subject more stringently. Therefore, the Issuer's senior management must make additional efforts to ensure its compliance with the rules and regulations imposed on companies listed on the Main Market. If the Issuer does not comply with these rules, or fails to comply with governance and disclosure requirements, this will expose the Issuer to regulatory penalties and fines and require announcing them, which in turn will negatively and materially affect the Issuer's business, reputation, financial position and prospects.

2-1-13 Risks related to employee behavior and mistakes

The Issuer may face errors or misconduct on the part of its employees, such as engaging in irregular activities such as fraud, intentional errors, embezzlement, theft, forgery, misuse of property, misuse of information and systems, disclosure of confidential information, involvement in disseminating misleading information, or non-compliance with internal controls and others. The Issuer cannot control the behavior of employees or prevent their errors, which may result in losses, the imposition of penalties or financial obligations on the Issuer, or cause damage to its reputation, which will negatively and materially affect its reputation, financial condition, results of operations and prospects.

2-1-14 Risks of management decisions

The Issuer's business results depend mainly on the ability of its management to take at the right time the correct and appropriate decisions regarding its business and activities. In the event that the Issuer's management takes wrong decisions regarding its business, this will reflect negatively on the Issuer's performance, results of operations and financial condition.

2-1-15 Risks related to reliance on non-Saudi employees, foreign labor requirements, and the Labor Law

The percentage of non-Saudi employees out of the total number of employees constitutes to 60% in the Issuer and approximately 78% in its Subsidiary, as the number of employees in the Issuer as of 15/09/2024G totaling (25) employees, including (10) Saudi employees and (15) non-Saudi employees. The number of employees in the Subsidiary as of 15/09/2024G was (37) employees, including (8) Saudi employees and (29) non-Saudi employees. Therefore, the Issuer's business, financial condition and results of operations may be negatively affected if the Issuer is unable to maintain qualified non-Saudi cadres or find replacements for them with the same required skills and experience, especially in the event of a change in the policies, regulations and laws of the Ministry of Human Resources and Social Development that would have an impact on the status of expatriate workers with the Issuer. Moreover, during the year 2016G, the Kingdom's government approved a number of decisions that aim to make comprehensive changes to the labor market in the Kingdom of Saudi Arabia, including approving the imposition of additional fees for every non-Saudi employee working for a Saudi entity, as of 14/04/1439H (corresponding to 01/01/2018G), in addition to increasing residency (Iqama) fees for family members of non-Saudi employees (accompanying people) as of 07/10/1438H (corresponding to 01/07/2017G). Accordingly, these decisions lead to an increase in government fees incurred by the Issuer on behalf of its non-Saudi employees on the one hand, as well as facing difficulty in retaining qualified employees among its non-Saudi employees on the other hand, which will negatively affect the Issuer's performance, profitability, results of its operations, financial condition and prospects. Also, on 18/03/1442H (corresponding to 14/11/2020G), the Ministry of Human Resources and Social Development launched the initiative to improve the contractual relationship for all expatriate workers in private sector entities, which entered into force on 01/08/1442H (corresponding to 14/03/2021G), as this initiative allows the non-Saudi worker to transfer to another job upon the expiration of his employment contract without the need for the employer's approval. Therefore, the Issuer may face difficulty in maintaining qualified non-Saudi cadres, which may negatively affect the Issuer's performance, results of its operations, and its financial condition.

2-1-16 Risks of non-compliance with Saudization requirements

Saudization (nationalization) constitutes a fundamental government trend that requires entities operating in the Kingdom of Saudi Arabia to employ a certain percentage of Saudi employees among their employees, and to maintain this percentage. The percentages of Saudization required vary according to the activities of the companies. The Ministry of Human Resources and Social Development implements the Nitaqat program, which is designed to motivate companies to employ Saudi citizens and increase their percentage of the total employees working for companies. The Nitaqat program measures companies' commitment to Saudization requirements and then classifies companies into categories divided into: platinum, green (low, medium, or high), and red. Entities must adhere to such percentages. The minimum percentage of Saudization imposed on them according to size and sector. The number of employees in the Issuer as of 15/09/2024G was (25) employees, including (10) Saudi employees and (15) non-Saudi employees. The percentage of Saudization achieved in the Issuer was 37%, in tandem with the Nitaqat program Issued by the Ministry of Human Resources and Social Development. The Issuer has been classified within the low green range and obtained a certificate to this effect from the



Ministry of Human Resources and Social Development (for more details, please see subsection No. (4-21-6) «**Governmental approvals, licenses and certificates**» from Section No. (4) «**Legal Information and Declarations of Board Members**» in this Document). The number of employees in the Subsidiary as of 15/09/2024G was (37) employees, including (8) Saudi employees and (29) non-Saudi employees. The Saudization rate in the Subsidiary reached 21% and it was classified within the high green range.

Despite this, the Ministry of Human Resources and Social Development may increase the percentage of Saudization required for the activity and size of the Issuer in the future, or it may be difficult for the Issuer to continue to maintain the percentage of Saudization required of it currently. In the event of non-compliance with Saudization requirements, the Issuer will face penalties imposed by government agencies, such as suspending applications for work visas, issuing and renewing work permits for expatriate workers, and transferring sponsorship for non-Saudi workers. The Issuer may also be unable to provide the required workforce and employ the required number of Saudi and non-Saudi workers without incurring additional costs, and as a result, the Issuer's business and financial results will be negatively affected.

2-1-17 Risks related to potential Zakat differences and contingent Zakat Obligations

The Issuer is subject to Zakat requirements under the regulations and provisions of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. Any increase in the Zakat requirements applied to the Issuer may negatively affect its profitability. The Issuer has submitted its Zakat returns for all years up to December 31, 2023G. The final assessments were issued from 2015G until 2017G by the Zakat, Tax and Customs Authority, resulting in an additional Zakat obligation in the amount of 2 million Saudi riyals. The Issuer objected to the Zakat, Tax and Customs Authority and filed a lawsuit with the General Secretariat of Tax Committees regarding some of the amounts of those assessments in the amount of 1.2 million Saudi riyals, and the unobjectionable amounts were paid. During the year 2022G, the decision of the General Secretariat of Tax Committees was received, resulting in a Zakat obligation in the amount of 218 thousand Saudi riyals, which was charged and paid during the year 2022G.

The Subsidiary (Al-Aziza Investment and Development Company) also submitted its Zakat returns for all years until December 31, 2023G. The final assessments up to the year 2020G were issued by the Zakat, Tax and Customs Authority, resulting in an additional Zakat obligation in the amount of 547 thousand Saudi riyals, which was charged during the year ending on December 31, 2022G and was paid later.

It is worth noting that there are risks represented by the possibility that the Zakat, Tax and Customs Authority may not accept the Issuer's objections to the Zakat assessments for previous years, and require it to pay additional Zakat amounts.

The Issuer has obtained a Zakat certificate from the Zakat, Tax and Customs Authority for all years until 2023G, and the current certificate granted to the Issuer expires upon submitting his Zakat return for the year 2023G on 02/11/1446H (corresponding to 30/04/2025G). The Subsidiary (Al-

Aziza Investment and Development Company) also submitted its Zakat declaration for the year 2023G and obtained a certificate valid until 02/11/1446H (corresponding to 30/04/2025G).

It is worth noting that on 22/08/2024G, the Issuer received the results of the Zakat, Tax and Customs Authority's study and examination of the Zakat declaration for the fiscal year 2023G, where the examination indicated that the Issuer was entitled to an additional Zakat amount of 321,327 Saudi Riyals. The Issuer is currently following up with the Zakat, Tax and Customs Authority to clarify and discuss this amount, so that the Issuer can then either settle it if the accuracy of the amount is confirmed or if a claim is received for it, or file an objection within the statutory periods with the competent committees. As of the date of this document, all inquiries of the Zakat, Tax and Customs Authority have been answered and pending the completion of the examination status.

It should be noted that a provision for Zakat is set aside in accordance with the regulations and instructions of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. The total balance of the Zakat provision for the Issuer and its Subsidiary amounted to approximately (1.5) million Saudi riyals, (1.1) million Saudi riyals, (1.2) million Saudi riyals and (550) thousand riyals as in the fiscal years ending December 31, 2021G, 2022G, 2023G, and the period ended on 30 June 2024G respectively.

However, the Issuer has not made a provision for the Zakat differences that may arise from the years for which it did not obtain the final assessment, or to cover any additional claims. Therefore, if the Authority does not accept the Issuer's Zakat estimates and requires the Issuer to pay Zakat differences for these years, this will have a negative impact on the Issuer's profits, results of its operations, and its financial condition.

2-1-18 Risks associated with providing financing in the future

The Issuer's business is concentrated in the field of real estate investment, which requires the availability of large amounts of financing, as there is no guarantee that self-financing sources may be sufficient. The Issuer may need to obtain loans and bank facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Issuer's capital, financial position, cash flows, and the guarantees provided. The Issuer does not give any assurance or guarantee regarding its ability to obtain appropriate financing if the need arises at any time in the future. Accordingly, if the Issuer is unable to obtain the financing it needs from financing entities, or is unable to obtain financing on acceptable preferential terms that suit its plans, this will have a negative impact on the Issuer's performance, operations, future plans, and financial condition.

2-1-19 Risks related to changes in important accounting standards and new standards

The audited financial statements of the Issuer for the last three fiscal years subject to this Transfer document have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). Accordingly, the Issuer is obligated to apply any amendments or changes to these standards from time to time. Therefore, any changes in these standards that may need to be applied could negatively affect the financial statements, and thus the financial results of the Issuer and its financial position.



2-1-20 Trademark Risks

The Issuer depends in its operations and competitive position on the reputation of its trademark and its ability to invest in the use of that trademark and protect its rights related to that trademark in the face of any illegal use by third parties. The future profitability of the Issuer will be materially affected if any damage is caused to the brand reputation of the Issuer as well as the Subsidiary. Also, if the Issuer is unable to register a new trademark or renew its existing trademarks, or if a third party objects to registering a new trademark for the Issuer, this will affect the operations of the Issuer. Also, in the event of a violation of the intellectual property rights related to the Issuer's trademark, including what occurs due to any illegal use, or any failure to protect those rights, the Issuer may resort to filing lawsuits and claims through the competent courts to protect these rights, which is an expensive process and requires a lot of time and effort from the management to follow up. In addition, any dispute may result in the Issuer being forced to enter into franchise or licensing agreements, which may not be available under terms acceptable to the Issuer. Any of the above may have a negative and material impact on the Issuer's business, results of operations, financial condition and prospects. (For more details, please see Subsection No. (4-17) «**Trademarks and Property Rights**» of Section No. (4) «**Legal Information and Declarations of Board Members**» in this Document).

2-1-21 Risks of possible inability to secure new projects or their failure

The Issuer's strategy includes expanding its business and projects, and the Issuer may face obstacles or difficulties in securing new projects or in implementing or managing those projects, in terms of finding distinct sites and real estate at competitive prices or obtaining appropriate contractual terms with regard to leasing or purchasing land and real estate. Any major unexpected changes in the political, economic or legal environment in the Kingdom and/or any other countries in the Middle East, including, but not limited to, fluctuations in the markets, economic recession, insolvency, high unemployment rates, as well as fluctuations in the markets, demand, supply, and competition in the real estate sector can affect the Issuer's ability to secure new projects. Accordingly, if the Issuer is unable to work on the new planned projects, this will have a negative and material impact on the Issuer's business, results of operations, financial condition and prospects. There is also no guarantee that the Issuer's new projects will achieve success and will have the ability to achieve the desired revenues and cover capital expenditures and related costs, thus negatively and fundamentally affecting the Issuer's business, results of operations, financial condition and prospects.

2-1-22 Risks of deficiencies or errors in design and construction

The emergence of any defects in the design or construction of real estate owned by the Issuer would affect the performance of the Issuer, its competitive position and rental prices. The emergence of any defects in the Issuer's real estate will lead to the necessity of carrying out repair work on it, and thus the Issuer will bear additional costs, which will have a negative impact on the results of the Issuer's operations, financial position, and prospects.

2-1-23 Risks related to revenue concentration from the biggest 4 clients

The average percentage of rental revenues from the Issuer and its Subsidiary's four largest tenant clients to the total revenues of leasing activity was about 44.3% during the past three



and a half years from 2021G to June 30, 2024G, where the concentration of rental revenues from the four largest customers amounted to about 75.6% during 2021G, 34.5% during 2022G, 32.1% during 2023G, and 35.0% during the financial period ending June 30, 2024G. The average concentration ratio over the past three and a half years from the first client was 22.2%, from the second client 11.6%, from the third client 7.2%, and from the fourth client 4.3% of the total rental revenues of the Issuer and the Subsidiary. It is worth noting that all of these contracts were renewed, most of which were renewed during 2023G and early 2024G for a period of five years ending in 2028G and are all renewable. (For more details, please see Subsection No. (5-7-1-2) «**Rental Revenue**» and Subsection No. (5-8-1-2) «**Rental Revenue**» of Section No. (5) «**Financial Information and Management's Discussion and Analysis**» in this Document). If the Issuer relies on its main customers for rental revenues, and if it is unable to maintain its business relationship with them for any reason, if it is unable to renew contracts with these customers or contract with new customers, or if these contracts do not result in the expected profits and returns, then this will adversely and materially affect the Issuer's business, results of operations, financial condition and prospects.

2-1-24 Risks associated with contracts and transactions with related parties

In the course of its business, the Issuer is involved in transactions and contracts with related parties, including entities owned by Substantial Shareholders in the Issuer or its Subsidiary, companies controlled by one or more members of the Board of Directors, an associate company, and joint ventures. These transactions and contracts mainly consist of revenue-generating lease contracts with some related parties, and other transactions such as: purchases, collections and payments on behalf of, and management fees. Revenues from lease contracts with related parties amounted to approximately SAR 3.5 million, SAR 9.2 million, SAR 10.0 million, and SAR 6.0 million during the fiscal years 2021, 2022, 2023G, and the six-month period of 2024G, respectively, representing a percentage of 18.5%, 16.7%, 16.3% and 17.9% of leasing revenues during the fiscal years 2021G, 2022G, 2023G, and the six month period in 2024G respectively (for more details, please see Subsection (4-12). «**Contracts with Related Parties**» and Subsection (4-21-13) «**Contracts with Related Parties in the Subsidiary**» of Section No. (4) «**Legal Information and Director's Declarations**» and Subsection (5-7-2-10) «**Related Party Balances**», and subsections No. (5-8-2-9) «**Related Parties' Balances**» and No. (5-7-1-2) «**Rental Revenue**» and (5-8-1-2) «**Rental Revenues**» from Section No. (5) «**Financial Information and Management's Discussion and Analysis**» in this Document). As of the date of this Document, the Issuer confirms that all transactions and contracts currently in place with related parties are carried out on purely commercial grounds, without any advantages or preferential terms. Concluding agreements with related parties on purely non-commercial grounds may have a negative impact on the Issuer's business, reputation and financial condition. All of the Issuer's transactions with related parties are approved in the announced general assemblies, but there is no guarantee or assurance that the Issuer will obtain approval of the general assembly for transactions with related parties in the future. If the General Assembly does not approve transactions with related parties, this will have a negative and material impact on the Issuer's performance, operations and financial condition. Given the Issuer's partial reliance on its dealings with related parties, it may result in their expiration or termination, or the Issuer's inability to renew those contracts, or the inability to obtain the approval of the shareholders' assembly for them, which would have a negative and material impact on the Issuer's business, revenues, profitability, financial condition, results of operations and prospects.





2-1-25 Risks of geographical concentration of investments and real estate assets

All investment real estate assets owned by Banan Real Estate Company are located in the city of Riyadh, and most of the Subsidiary's properties are located in the city of Riyadh as well. Therefore, any stagnation in economic and real estate activity in Riyadh region will have a negative and material impact on the Issuer's business, results of its operations, and prospects.

2-1-26 Risks related to ownership disputes over the Issuer's real estate

Owning properties in the Kingdom involves many risks, especially those related to disputes over ownership, due to the lack of a central real estate registry in the Kingdom in the past, which resulted in some difficulties in proving ownership and tracking the dates of old deeds and Subsidiary deeds. Several types of evidence may be relied upon to determine and prove ownership of land and real estate, such as court rulings, sales agreements, and historical deeds. The risk of future disputes over property and land ownership remains present as all relevant historical evidence may not be available in all cases. Accordingly, it may be impossible for the Issuer or its Subsidiary to prove ownership of all the lands and real estate that they own or will own in the future, legal disputes may arise related to these real estate and lands, which may in some cases lead to the Issuer losing ownership of one or some of the lands and properties owned by it. Such disputes and doubts about ownership may have a material impact on the value of the relevant properties and may result in the Issuer ceasing to lease and operate them, which will have a material negative impact on the Issuer's business, financial condition, results of operations, revenues, profits, and prospects.

2-1-27 Risks of early termination of the lease contracts

Any of the lease contracts concluded with the Issuer's tenants may be terminated before the expiry of their term, resulting in an interruption or complete cessation of rental payments, thus negatively and materially affecting the Issuer's business, results of operations, financial performance, profitability and prospects.

2-1-28 Risks related to the concentration of the Issuer's revenues from leasing fees

The Issuer's revenues depend mainly on rental revenues, whether from residential or commercial properties, which constituted 100.0%, 93.0%, 92.5%, and 55.8% during the years 2021G, 2022G, 2023G and the six months period in 2024G, respectively, while revenues from the sale of investment properties constituted 0.0%, 7.0%, 7.5% and 44.2% and during the same financial periods. Therefore, the occurrence of any of the negative factors, including but not limited to: low occupancy rates, low rental values, high operating costs, or the occurrence of an economic recession that would affect rental returns and the ability of tenants to make rental payments, will have a material negative impact on the Issuer's business, results of operations, financial condition and prospects.

2-1-29 Risks related to safety systems and claims that may arise as a result of breaching them

The Issuer's ability to rent properties depends on the health, safety and quality of the premises, and therefore any defects or errors in safety and security matters will affect the operational performance of the Issuer, and the Issuer may have to carry out repair and maintenance work and thus incur additional costs. Also, any defects or errors in safety systems may expose tenants and visitors to injuries or wounds, which may result in a lawsuit being filed against the Issuer and higher insurance



premiums. The occurrence of any of these factors will have a negative and material impact on the Issuer's business, results of operations, financial condition and its prospects.

2-1-30 Risks related to the Subsidiary and supervision of its financial functions

On December 23, 2021G, the Issuer increased its ownership stake in Al-Aziza Real Estate Investment and Development Company from 42.5% to 46.042%. This acquisition resulted in some changes in the Board of Directors of Al-Aziza Real Estate Investment and Development Company, thus achieving significant control over it by the Issuer, as the Issuer now has the right of presence and representation, which give him the authority to direct the relevant activities of the Subsidiary. The acquisition also resulted in the consolidation of the financial statements of the Issuer and the Subsidiary.

Despite the Issuer's control over the Subsidiary, which arose as a result of the acquisition, actual control and the ability to effectively supervise the administrative functions by the Issuer, especially the financial management of the Subsidiary (including direct supervision of the preparation of financial reports), were not achieved until 2023G. Whereas, during the year 2023G when effective steps were taken to address the problems in the administrative practices and systems of the Subsidiary, as the implementation of the enterprise resource planning (ERP) system was initiated, and supervision of financial management and the preparation of financial statements, in addition to employing an internal auditor who was appointed to supervise both the operations and results of the Issuer and its Subsidiary.

Although control has been achieved, some financial, operational and administrative procedures, decisions, and policies that are commensurate with the Issuer's objectives and directions may take additional time and effort on the part of the Issuer's management to implement them appropriately. Also, if the Subsidiary's performance and profitability do not continue as they were in previous years and according to the Issuer's expectations, this will directly, negatively, and materially affect the Issuer's business, results of its operations, financial condition, and prospects.

2-1-31 Risks related to joint projects

The Issuer invests with other partners in two joint projects, first: Al-Badi'ah Building Project, which is a residential property constructed in the Al-Badi'ah neighborhood in Riyadh, where the Issuer owns 50% of this property, while Mr. Mohammed Abdulaziz Saleh Al-Haqbani (a related party - a Substantial Shareholders) owns also 50% of the project. Second: A commercial center project (Block 14 Complex), which is a commercial complex in the northern Al-Ma'athar neighborhood in Riyadh, where the Issuer owns 51% of the project while Mr. Abdulaziz bin Suleiman Al-Haqbani (Related Party/Indirect shareholder in the subsidiary) and Mrs. Al-Jawhara bint Mohammed Al-Shuwaier (Related Party/Shareholder in the Subsidiary) collectively own 49% of the project.

The joint venture is a form of joint arrangement whereby the Issuer has joint control over that arrangement and has the right to the net assets of the joint arrangement according to its stake. The balance of investments in joint projects amounted to 23.9 million Saudi riyals as of December 31, 2021G, 29.8 million Saudi riyals as of the fiscal year 2022G, and 32.3 million Saudi riyals as of the fiscal year of December 31, 2023G and 33.6 million Saudi riyal as of the period ended on 30 June 2024G, constituting 3.6%, 4.8%, 4.9% and 5.2% of the Issuer's total assets as of the end of the fiscal years 2021G, 2022G, 2023G and the six month period in 2024G, respectively.





It is worth noting that the main office building of Banan Real Estate Company is located within one of the aforementioned joint projects, where the Issuer is considered the lessee and one of the lessor parties at the same time, in addition to other lessors who are related parties.

In the event that the orientations, objectives and interests of the current or new partners (in the event that the current partners sell their shares to other partners) are not consistent with the objectives, interests and orientations of the Issuer, this will have a negative and material impact on the decisions related to the property invested in and then this will have a negative and material impact on the business of the Issuer, results of its operations, financial position and prospects.

2-1-32 Risks related to investing in financial assets

The Issuer invests in several companies, including public joint stock companies listed on the Main Market, as well as private companies in the Kingdom of Saudi Arabia. The value of the Issuer's investments in traded securities and investment funds amounted to 22.9 million Saudi riyals as of the end of 2021G, zero as of the end of 2022G, 2.6 million Saudi riyals as of the end of 2023G and approximately 9.0 million riyal as of 30 June 2024G. These investments have been classified as financial assets at fair value through Profit or loss.

These companies may be exposed to negative changes in their operating performance or their ability to distribute profits. The market value of these companies is also affected by supply and demand factors in the market. Therefore, if the market value of these companies decreases, the Issuer may lose the entire amounts invested in these financial assets, thus will have a negative and material impact on the financial position of the Issuer and its future prospects.

The Issuer also has an investment since 2009 in United Financial House Company (a closed joint stock company) whose main activity is custody of securities. The Issuer's investment percentage in it amounted to 9.51%, with a value of 5.5 million Saudi riyals. This investment has been classified as financial assets at fair value through other comprehensive income. However, the Issuer's expectations were that it was not possible to recover the investment amount due to the failure of the investee company's business for legal and operational reasons. Accordingly, a decrease provision of 74% of the investment value was recorded during the year 2017G, and a decrease of the remaining value of the investment was recorded during the years 2021G and 2022G. This resulted in the Issuer bearing losses that were reflected in its financial performance. If the Issuer decides to invest in other companies or projects, he may face similar unexpected losses, which will have a negative and material impact on the Issuer's financial position, profitability, and prospects.

2-1-33 Risks related to the adequacy of insurance coverage

The Issuer has entered into several insurance contracts to cover its business and assets, such as mandatory motor insurance, employee medical insurance, and property and real estate insurance. As of June 30, 2024G the Issuer and its Subsidiary have insured their property and investment properties, with the exception of the warehouses of Al Aziza Investment and Real Estate Development Company, where the responsibility for insuring the goods inside the warehouses falls on the tenant and not on the property owner. However, the Subsidiary may be exposed to legal and financial risks due to the failure to insure those warehouses.

The total insurance coverage on the investment properties of the Issuer and its Subsidiary amounted to approximately SAR 225 million as of December 31, 2023G and June 30, 2024G,



and approximately SAR 221 million as of the date of this Document, according to the updated insurance agreements. However, the insurance coverage may not be sufficient for all possible cases. Therefore, in the event of any uninsured event resulting from sudden accidents, natural disasters or fires, for example, it will have a material adverse effect on the Issuer's business, assets, financial condition and future performance. Such incidents may also result in the Issuer incurring significant repair and maintenance costs in addition to higher future insurance amounts, which will strain the Issuer's financial resources. Furthermore, if residential and commercial properties owned by the Issuer are not insured, this may hinder its ability to conclude rental contracts with customers who may need to prove insurance on the rented property. In addition, the lack of liability insurance may leave the Issuer vulnerable to claims and legal cases, which may result in legal fees and costly settlement claims if a party files a lawsuit against the Issuer or its Subsidiary, which may jeopardize the Issuer's financial stability, reputation and business continuity.

Therefore, in the event that the Issuer's insurance agreements expire or not renewed, or if sufficient insurance cover is not available to cover the costs or losses that may result from fires, natural disasters and other accidents to which the assets and property of the Issuer may be exposed, or in the event that insurance cover is not available for all of the Issuer's assets and investment properties, this will have a material and negative impact on the Issuer's business, results of operations, financial condition, and prospects.

2-1-34 Liquidity Risks

Liquidity risk is the inability of the Issuer to meet its obligations related to financial liabilities as they fall due. The Issuer's financial liabilities consist mainly of loans, contract obligations represented by advance payments by tenants, amounts due to related parties, as well as trade payables, accrued expenses, and lease obligations. The Issuer may not be able to fulfill its current or future obligations on their due dates, especially short-term ones. Therefore, the Issuer is exposed to liquidity risks when it does not have sufficient liquidity to meet its financial obligations on time. The Issuer's trading ratio (total current assets to total current liabilities) was 64.5% for the fiscal year ending December 31, 2021G, 19.4% for the fiscal year ending December 31, 2022G, 84.0% for the fiscal year ending December 31, 2023G and 88.8 for the financial period ending on 30 June 2024G. However, the Issuer does not guarantee that any emergency events will not occur that may require immediate liquidity, and the Issuer may be vulnerable to financial default, which will negatively affect the Issuer's business, financial performance and prospects.

2-1-35 Risks associated with the terms and covenants of credit facility agreements, guarantees, and mortgages provided

The Issuer has a credit facility agreement with Banan Real Estate Company in addition to a credit facility agreement for the subsidiary with the Arab National Bank in previous periods and with Riyadh Bank at present, where these agreements include different tranches of credit lines compatible with the provisions of Islamic Sharia, with an interest rate ranging between (SIBOR + 1.5%) and (SIBOR + 2.0%) for the purpose of financing the Issuer's business and purchasing investment properties. As of the date of this document, these facilities have been renewed with an interest rate ranging between (SAIBOR + 1.5%) and (SAIBOR + 1.75%). A new facility agreement was also obtained from Riyadh Bank during the third quarter of 2024G for the Issuer and its Subsidiary,





amounting to SAR 100 million with an interest rate of (SAIBOR + 1.5%). The credit balance of total loans amounted to SAR 138.7 million as of the end of 2021G, SAR 83.0 million as of the end of 2022G, SAR 83.8 million as of the end of 2023G, and SAR 57.6 million as of the end of the six-month period in 2024G. The unused balance of long-term loans of the Issuer and its subsidiary as of December 31, 2023G amounted to SAR 7.1 million, in addition to an unused balance related to four short-term credit lines worth SAR 13.6 million, while the unused balance amounted to SAR 12.5 million as of June 30, 2024G related to long-term loans. To this end, the Issuer has committed to a set of pledges and conditions that it must fulfill, the most important of which are: promissory notes worth approximately 184.7 million Saudi riyals as of 2023G and 144.7 million Saudi riyals as of June 30, 2024G, and mortgaging (5) investment properties with a book value of approximately 267 million Saudi riyals as of December 31, 2023G and June 30, 2024G, in addition to mortgaging the land deed associated with a joint project (Block 14), as well as assigning the rental value associated with one of the Issuer's properties, whereby the tenant of the property transfers the rental amounts to a trust account with the bank as a security for the facilities granted by the bank. In addition to the Issuer's commitment to provide any other guarantees requested by the bank, authorizing the bank to seize any negotiable papers or documents or any funds or financial bonds belonging to the Issuer that comes into the bank's possession, so that it has the right to obtain their value and record them in the Issuer's account with it as amounts paid by the Issuer to satisfy its due and unpaid rights. The Issuer is also committed to notify the bank when making any change to the legal form of the Issuer, its subsidiary or capital, and provide the bank with any other information related to the Issuer's business and financial position whenever the bank requests it to do so, and not to make any modifications or additions to the leased assets except with the written consent of the bank, and inform the bank in writing of all provisions and mortgages or any assets currently and in the future and pledge not to mortgage or sell any of the properties until all dues to the bank are paid or written consent is obtained from it, in addition to pledging to obtain an insurance policy on the assets mortgaged to the bank against all risks and providing the bank with a copy thereof.

In the event that the Issuer breaches any of the agreed upon obligations and is unable to fulfill all the obligations and requirements of this agreement, or in the event of default in payment, the bank may request the Issuer to pay immediately and initiate judicial enforcement procedures to seize the mortgaged properties in favor of the bank and sell them and collect the value of the loans from the proceeds of the sale, which will have a negative and material impact on the Issuer's business, results of operations, financial condition and future prospects.

The Issuer may also be exposed to the risk of rising interest rates due to economic, political or regulatory changes locally or globally, especially if the Issuer decides or is forced to increase the borrowing rate. It is worth noting that the Issuer does not have a strategy to hedge against the risks of interest rate fluctuations. Therefore, any rise in interest rates will lead to an increase in the financing costs needed by the Issuer, which will have a negative and material impact on the issuer's business, results of operations, financial performance and profits.

2-1-36 Risks related to contracts with others

In its normal course of its business, the Issuer may need to conclude agreements with other parties for certain purposes, for example for the implementation, finishing or maintenance of investment



properties. Accordingly, the Issuer may be exposed to the risks of the contracting parties being unable or unwilling to fulfill their contractual obligations, and the contracting parties may breach their obligations for any reason, including as a result of their bankruptcy, financial insolvency, or disruption of their operations. The risks that arise from dealing with these may become more acute under difficult market conditions. In the event that the Issuer or the contracting parties are unable to adhere to the terms of those contracts, or in the event of any future disputes or issues resulting in the Issuer losing those disputes, this will have a negative and material impact on its financial position, cash flows and results of operations.

2-1-37 Risks related to vacancy of properties for a long period

When any of the real estate units, whether residential or commercial (apartments, shops, etc.) become vacant for a long period as a result of the expiration of the lease without renewal, the inability to conclude new lease contracts with new tenants, or any other reason, the Issuer's revenues will be negatively and materially affected. The value of the property also depends largely on the income generated from the lease contracts associated with that property, and therefore the value that can be collected from the sale of those properties that are not partially or completely rented may decrease, thus having a negative and material impact on the Issuer's business, financial position, results of operations and prospects.

2-1-38 Risks related to operating systems and information technology

The Issuer relies on IT systems to manage its business. The Issuer may not be able to maintain the integrity and effectiveness of the performance of the operating systems and information technology used or develop by it to perform their work as expected, as it is possible that malfunctions may occur in the functions of these systems and technologies, or they may be damaged due to natural disasters, viruses, attempts to penetrate the Issuer's network, or loss of or data corruption, human errors or other similar events. Therefore, if any of the above occurs, this will lead to the disruption of the Issuer's business and negatively impact its financial condition and results of operations.

2-1-39 Risks related to the inability to renew existing leases

The Issuer's income is mainly based on real estate rental revenues, which are mainly dependent on the tenants' commitment to payment on time. The Issuer has a real estate portfolio that includes many leases with tenants, most of which have been recently renewed. The average term of the Issuer's leases is approximately (5) five years, while the average term of the Subsidiary's leases is (1) one year, renewable. It is worth noting that a number of the Issuer's material leases have been recently renewed, as they will expire in 2028G. Although these contracts are renewable, the Issuer has no guarantees that these contracts will be renewed with current tenants or that they will be renewed on favorable terms, or that new contracts will be concluded with new tenants. Since the Issuer's continuous renewal of lease contracts with its customers is of paramount importance to maintaining continuous revenue streams, if the Issuer is unable to renew current lease contracts and maintain its lease revenues at the required level and collect them on time, this would negatively and materially affect the issuer's financial stability, results of operations and financial condition.





2-1-40 Risks Associated with the Acquisition Transaction

On December 23, 2021G, the Issuer increased its ownership in Al-Aziza Real Estate Investment and Development Company (a Saudi closed joint stock company) from 42.5% to 46.042% by purchasing an additional (35,416) shares representing 3.542% of the shares of Al-Aziza Real Estate Investment and Development Company, pursuant to which control was achieved, and it became a subsidiary of the Issuer. The transaction was concluded for an amount of SAR 8.9 million, which means that the subsidiary was valued at SAR 250 million, with the value of each share being SAR 250, although the net book value of the subsidiary as of December 31, 2021G amounted to SAR 280 million, with the value of each share being SAR 280, as the shares were purchased in the transaction at a discount of 12% of the net book value through negotiations between the parties. It is worth noting that the investment properties of the subsidiary are subject to periodic independent valuation, and they have been recorded on a fair value basis in the financial statements. If the Issuer decides in the future to acquire an additional stake in the subsidiary or to acquire shares in other companies based on book value, this may impact the Issuer's operating results, prospects, and financial condition.

2-2 Risks related to the market and the sector in which the Issuer operates

2-2-1 Risks related to the Kingdom's economic performance

The expected future performance of the Issuer depends on a number of factors related to economic conditions in the Kingdom in general, including but not limited to inflation factors, gross domestic product growth, average per capita income, and so on. The Kingdom's macro and micro economies depend mainly on oil and oil industries, which still control a large share of the gross domestic product. Therefore, any negative fluctuations that may occur in oil prices will have a direct and material impact on the plans and growth of the Saudi economy and government spending in general, which in turn will negatively affect the financial performance of the Issuer due to its work within the Saudi economic system, which is affected by government spending rates.

The continued growth of the Saudi economy also depends on several other factors, including continued population growth and public and private sector investments in infrastructure and superstructure works. Therefore, any change in any of these factors will have a significant impact on the economy, which will negatively and significantly affect the Issuer's business, results of its operations, financial position and prospects.

2-2-2 Risks related to the political and security situation

The Issuer's business is concentrated in the Kingdom of Saudi Arabia. Therefore, the Issuer's financial performance depends on the prevailing economic, political and security conditions in the Kingdom, in addition to the global economic conditions that in turn affect the Kingdom's economy. Some countries in the Middle East region are suffering from economic, political, or security instability at the present time. There are no guarantees that these circumstances will not have a negative impact on the markets in the Kingdom and thus have a negative and material impact on the Issuer's business and the results of its operations.

2-2-3 Risks related to the competitive environment

The main activity of the Issuer is the management, leasing and operation of owned or rented residential and commercial properties, in addition to real estate management in exchange for a commission and real estate registration services. This field is characterized by high competition, and therefore, if current or potential competitors offer competitive prices, conditions, or better solutions than those provided by the Issuer, or if the Kingdom's government decides to support new participants in the market to implement its general development strategy, the Issuer may not be able to compete with these companies, or increased competition may lead to higher costs incurred by the Issuer. Some of the Issuer's competitors may have greater financial, technical, marketing or other resources than the Issuer and therefore may be better able to withstand increasing costs, price competition and economic fluctuations. Changes in the competitive environment in the sector in which the Issuer operates may reduce profit margins and cause the Issuer to lose or reduce its market share, which in turn will have a material negative impact on the Issuer's business, results of operations, financial condition and prospects.

2-2-4 Risks of change in relevant systems, laws and regulations

The Issuer, like other companies operating in the Kingdom of Saudi Arabia, is subject to a number of rules, laws, regulations, and rulings of various regulatory bodies, including but not limited to: the Ministry of Commerce and Investment, the Ministry of Municipal and Rural Affairs and Housing, the General Real Estate Authority, the Capital Market Authority, and the Saudi Stock Exchange. The Kingdom is witnessing great and rapid development in terms of developing and modernizing laws, regulations and legal procedures at all levels and in all fields. Therefore, the current laws and regulations to which the Issuer and its business are subject to change and update. Also, new laws and regulations may be issued by the relevant official authorities from time to time, and their interpretation and application may be vague or difficult in some aspects or may take a long time. There can also be no assurance that future amendments to laws and regulations or changes in government policies regarding the real estate sector will be favorable to the Issuer. This may include, but is not limited to: issuing new regulations that impose restrictions on working hours in the real estate sector, or requiring specific licenses that must be obtained in order to continue work, or requiring high nationalization rates in the sector, or making amendments to the current regulations or in the way they are interpreted or applied. The Issuer may be unable to anticipate changes that will occur in the relevant regulatory environment and may therefore be exposed to fines and penalties. These amendments to the current regulations or new regulations (if issued) may also lead to a negative impact on the Issuer's revenues, an increase in its costs, an increase in its obligations, a limitation of its ability to achieve expansion plans or implement its projects, or a loss or inability to renew permits or important licenses for the Issuer's business, which will have a negative and material impact on the Issuer's business, results of operations, financial condition and prospects.

For example, a defaulting tenant cannot currently be evicted from the property except after a ruling is issued in rental disputes. Therefore, if one of the Issuer's tenants defaults and a ruling is not issued or a ruling is delayed to evict the tenant, the administration may not be able to evict some of the tenants. Accordingly, the Issuer will not be able to benefit from the leased asset



and thus have a negative and material impact on the Issuer's revenues, profitability, financial condition and prospects.

Also, in accordance with the requirements of the Real Estate Brokerage Law and based on the Minister of Justice Circular No. 13/T/8843 dated 19/12/1443H, the Issuer must document rental contracts with clients electronically via the electronic Ejar network «**Ejar Platform**», and as a result, the Issuer may incur additional costs related to the fees for uploading those contracts to the platform. It is worth noting that as of the date of this Document, the Issuer has (3) three contracts that have not been electronically documented on the Ejar Platform, one of which is a rental contract concluded with related parties and it concerns the rent of the main office of Banan Real Estate Company, as it was not possible to conclude an electronic contract because the Issuer is a party in both the lessor and the lessee despite the presence of other lessors other than Banan Real Estate Company who are related parties, as the property is related to a joint project between all parties of the contract. In the event that the Issuer is unable to comply with the current regulatory requirements or in the event that any new regulations are issued or amended, this may result in the Issuer incurring additional costs or being exposed to fines and violations, thus negatively affecting the Issuer's revenues, financial condition, results of operations and prospects.

2-2-5 Risks related to the Saudi Building Code

The Saudi Building Code Implementation Law was issued on 26/04/1438H (corresponding to 24/01/2017G) pursuant to Royal Decree No. M/43, and was amended pursuant to Royal Decree No. M/15 dated 19/01/1441H (corresponding to 18/09/2019G). This Law consists of a set of conditions and requirements, including systems, implementing regulations and annexes related to building and construction, aiming to ensure the safety, strength and sustainability of buildings. These conditions and requirements include some legal, architectural, structural, electrical, mechanical, sanitary, technical, and other requirements. The Saudi Building Code aims to improve the efficiency, safety, durability and sustainability of buildings, increase their lifespan, rationalize the consumption of various types of energy, and increase the resistance of buildings to natural disasters. On 21/11/1442H (corresponding to 01/07/2021G), this law entered into force, it applies to all construction work in the public and private sectors on new buildings, including building design, implementation, operation, maintenance and modification, and it also applies to existing buildings in the event of restoration, change of use, expansion or modification. Compliance with the code is one of the requirements for obtaining building, restoration, modification, or change of use permits. The building may not be occupied except with an occupancy certificate according to the occupancy classification stated in the code, as this certificate is a basic condition for delivering services to the buildings.

The code is updated and reissued every five years, and any revisions to the building system may create material obligations for the Issuer that it may not be able to comply with promptly. The system stipulates that anyone who violates the code will be subject to either or both of the following penalties: a financial fine not exceeding one million riyals for one violation in one building, and/or suspension of the practice license for a period of not less than one month and not exceeding one year. Accordingly, if the Issuer does not comply with the requirements of the



Saudi Building Code system in its projects, the Issuer will be exposed to these penalties, which will affect the Issuer, its profitability, and its operational business in a negative and material way.

2-2-6 Risks associated with value-added tax and real estate transaction tax

The Kingdom issued a value-added tax system, which entered into force on January 1, 2018. This system imposed an added value of 5% on a number of products and services, according to what is stated in the system. The Kingdom's government has decided to increase the value-added tax rate from 5% to 15%, starting in July 2020G. Therefore, relevant establishments and companies must know the nature of the value-added tax, how it is applied, how to calculate, collect and deliver it, and submit periodic returns to the relevant government agencies, as well as know the impact of implementing the value-added tax system on businesses. On 14/02/1442H (corresponding to 01/10/2020G), pursuant to Royal Order No. (A/84), the Kingdom imposed a real estate transaction tax system at a rate of 5% of the value of the real estate supply. Under this decision, real estate sales were exempted from value-added tax and replaced with a real estate transaction tax at the rate of 5% of the value of the real estate supply, which is collected upon documenting the real estate transaction. Therefore, if the Saudi government decides to increase the rate of real estate transactions tax, or if it decides to cancel this support and re-apply the 15% value-added tax on real estate transactions, this will negatively affect the results of the Issuer's operations, financial condition, and prospects. While the Issuer is not subject to the real estate transaction tax to a large extent due to the nature of his main activity, which is focused on managing, operating and leasing real estate projects, he may be subject to it within some current or future activities and businesses. If the Issuer commits errors while implementing regulatory requirements in accordance with the value-added tax system or the real estate transaction tax system, this may lead to the imposition of penalties by the Zakat, Tax and Customs Authority, which will have a negative and material impact on the Issuer's business, results of operations, financial position and prospects. Also, if the Issuer is unable to charge the value-added tax or real estate transaction tax, wholly or partially, to the customer due to competitive or other factors, he will be forced to bear the value of the tax not collected from customers, which will negatively affect the Issuer's profits and the results of its operations.

2-2-7 Risks related to the illiquidity of real estate investments

Real estate investments are, by their nature, long-term investments that are difficult to sell compared to other investments, especially in the event of a decline in the rate of demand for land and real estate in the Kingdom. The Issuer's ability to sell real estate units quickly and profitably in response to changing political, economic, financial, and investment conditions is considered relatively limited, given that real estate investments are low in liquidity. Due to cyclical fluctuations in real estate markets, the changing nature of market conditions may put the Issuer's real estate portfolio and commercial real estate in an unfavorable position at any time in the future, which will increase the difficulty of liquidating the Issuer's real estate investments. As the real estate market is affected by many factors outside the Issuer's control, there is no guarantee that the actual price at which units in any of the Issuer's projects will be sold will reflect the valuation of the relevant project, especially if the Issuer is forced to sell under deteriorating economic conditions. The Issuer may also have to mortgage some projects or parts of them to secure its payment obligations in the event that it needs financing to develop its projects, which may prevent the Issuer from selling those projects or units in question in the event of any default





under the relevant financing arrangements. Any of these factors, whether combined or separate, could have a material and negative impact on the Issuer's business, results of operations, financial position and future prospects.

2-2-8 Risks of interest rate fluctuation

The interest rates due to the Issuer's financiers, whether fixed or variable, may change according to economic, political or regulatory changes locally or globally, and thus this will lead to an increase in the financing costs that the Issuer needs. This will have a negative impact on the Issuer's business, results of operations, financial performance and profitability.

2-2-9 Risks related to growth opportunities

The Issuer's ability to develop its business depends on the level of competition in the market, the availability of material and human resources, the ability of its management team, legal systems, and various other factors. There is no guarantee that the Issuer will maintain a certain level of continuous growth, as the Issuer may face difficulties in expanding its activity, developing its market share, and increasing its sales. Therefore, if the Issuer is unable to manage the growth of its business positively, its ability to develop its activity and increase its share may be affected or maintain market value, increase its profits, and enhance returns to its shareholders, which will have a negative and material impact on the financial performance of the Issuer and its financial position.

2-2-10 Risks of natural disasters

The Issuer may be exposed to natural disasters beyond its control, such as floods, earthquakes, storms, fires, and other catastrophic events that may cause damage to the Issuer's facilities or projects, thus negatively affecting the workflow of the Issuer's projects and operations, which will negatively affect its operating results, financial position, and prospects. The occurrence of any of these disasters will cause the Issuer to incur additional costs to correct those damages and ensure the property at a greater cost, which will lead to higher expenses and a decrease in the Issuer's profitability and thus a negative impact on its financial position and financial results.

2-2-11 Risks related to the imposition of new duties and taxes

The Issuer's business is currently subject to value-added tax and real estate transaction tax. Other duties and taxes on companies may be imposed by the government in the future or tax rates may increase. If new taxes or fees are imposed on companies or on the sector in which the Issuer operates other than those currently applied, this will have a negative and material impact on the Issuer's net profits.

2-2-12 Risks related to fluctuations in the real estate sector

The Issuer's profitability depends primarily on rental prices, land prices, and residential and commercial real estate, while its revenues depend primarily on real estate rental returns. The real estate sector in the Kingdom has witnessed several fluctuations, whether in real estate prices or rental rates, as a result of market factors, supply and demand for real estate, as well as economic changes. Therefore, fundamental unfavorable fluctuations in the real estate sector will



negatively and materially affect the Issuer's business, results of operations, financial condition and prospects.

2-2-13 Risks related to the impact of demand for residential and commercial properties in the Kingdom of Saudi Arabia on the Issuer's business

All of the Issuer's properties are located in the Kingdom of Saudi Arabia. As the number of real estate projects under development increases, the number of residential properties and commercial spaces available in the Kingdom may exceed the level of demand for those properties and spaces, which would lead to market saturation. If the real estate market in the Kingdom becomes saturated or the demand for residential and commercial real estate decreases or falls below its expected level, the Issuer may be forced to sell its residential units, rent its commercial units at reduced prices, or sell them at a loss, and may not be able to sell or rent them at all. Demand for residential and commercial units may be affected by economic fluctuations beyond the control of the Issuer, such as inflation and unemployment rates, the level of wages, the availability of credit from banks or other lenders, the willingness of banks or other lenders to lend to particular customers, prevailing interest rates, tax rates, and others. Given that the Issuer's revenues are derived from leasing or selling residential and commercial units in the Kingdom, any negative change that occurs in the level of demand for the reasons described above or others will have a negative and material impact on the Issuer's business, financial condition, results of its operations and prospects.

2-2-14 Risks related to real estate valuation

The Issuer has investment properties represented by lands, buildings, and capital works in progress with a book value of approximately 562.2 million Saudi riyals as of June 30, 2024G. The value of the Issuer's investment properties is measured by the cost method after deducting accumulated depreciation. At the date of each statement of financial position, the Issuer also evaluates these investment properties by real estate evaluators registered with the Saudi Authority for Certified Valuers (Taqeem), in order to determine whether there are any indicators or circumstances indicating the occurrence of losses due to a decline in the market value of the real estate asset. Despite the knowledge and experience of real estate appraisers, it cannot be guaranteed or confirmed that the appraisals of real estate appraisers or the opinions issued by them are completely correct or do not lack essential information regarding the appraisal of real estate. The difficulty of accurately predicting and evaluating the market value of real estate assets is due to the individual nature of each property and the local and regional characteristics of real estate markets, which are subject to change over time and are affected by multiple factors, including the estimation and valuation methods used, changes in regulatory requirements and applicable systems, political conditions, and the status of financial and real estate markets. , potential negative tax consequences, interest rate fluctuations, inflation, etc.. In addition, real estate valuation estimates are subject to fundamental uncertainties because they are based on assumptions that may be incorrect and are greatly influenced by the estimates of the Issuer's management. Accordingly, there is no guarantee that the evaluation of the Issuer's investment properties reflects their actual value, nor is it an indication of continued demand for any of those properties. In the event that there are material differences between the valuation and the actual market value upon sale, or there is a material decline in the





valuation of the Issuer's real estate assets from the values stated in the financial statements or from the last valuation of those assets for any of the aforementioned reasons or others, this will have a negative and material impact on the value of the Issuer's assets, the results of its operations, its financial position, and its prospects.

2-2-15 Risks of white land fees

The White Land Fees Law issued pursuant to Royal Decree No. (M/4) dated 12/02/1437H (corresponding to 24/11/2015G) 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 Council of Ministers Resolutions No. (181) dated 01/03/1441H (corresponding to 29/10/2019G) and No. (511) dated 01/09/1442H (corresponding to 13/04/2021G) imposing an annual fee on white lands, owned by one or more persons with a natural or non-governmental legal capacity, at a rate of 2.5% of the value of the land. The regulations specify the criteria for estimating the value of the land and the entity responsible for that, provided that the criteria include the location of the land, its uses, building systems, factors in the availability of public services therein and the access of public facilities to them. White lands mean any vacant land designated for residential or commercial use within the boundaries of the urban zone. The system specifies that the owner of lands that are declared to be considered white lands subject to the application of fees must submit to the Ministry of Municipal, Rural Affairs and Housing the documents and data related to their lands, where the land owner will be informed of the decision issued to make the land he owns subject to the application of the fee, and the amount of the fee due from him, according to the notification mechanisms specified in the relevant regulations. Therefore, if the Issuer owns white lands in the course of his activity, he will be subject to the application of fees on them if he is unable to develop them immediately, and the prices of white lands may be subject to a decline due to this decision, which will negatively affect the Issuer's business, results of its operations and its financial condition. The Issuer confirms that it does not own any lands that fall within the lands subject to white land fees until the date of this Document. It is worth noting that the Issuer's Subsidiary has one unexploited land in Al-Badi'ah neighborhood in the city of Riyadh, with an area of 971 square meters. Its net book value is SAR 2.0 million as of June 30, 2024G. It is an undeveloped land that is not currently generating revenue. However, it does not fall under the classification of white lands according to the Issuer's statement, as its area is less than 10,000 square meters, and therefore the white lands criteria do not apply to it. An investment opportunity is being sought to exploit this land according to the Issuer's management statement.

2-2-16 Real estate development risks

Although the Issuer does not engage in real estate development activity within its main operating activities, it may establish and develop some related projects for the purpose of using them in real estate operation, which represents the Issuer's main activity. Accordingly, the real estate development carried out by the Issuer in this context, in which he contracts with a contractor implementing the project, may be associated with a number of risks or challenges associated with it, such as a delay in issuing the necessary licenses and permits or not issuing them at all, or an increase in the prices of materials and inputs, construction and the cost of construction in general, or the unavailability of the necessary labor, or entering into disputes with the implementing contractor, or the occurrence of unexpected engineering, environmental, or geological problems.



These matters, or some of them, may cause a delay in project implementation or incur additional costs, affecting the operating dates of projects or the economic feasibility of those projects, which will have a material negative impact on the Issuer's profitability, financial position, and prospects.

2-2-17 Risks related to changing the mechanism for calculating Zakat and income tax

The Zakat, Tax and Customs Authority issued Circular No. 6768/16/1438 dated 05/03/1438H (corresponding to 04/12/2016G), which requires Saudi companies listed on the Exchange to calculate Zakat and income tax on the basis of the nationality of the shareholders and actual ownership among Saudi and Gulf citizens and others as stated in «**Tadawulaty Platform**». At the end of the year, before issuing this circular, companies listed on the Exchange were generally subject to paying Zakat or tax based on the ownership of their founders in accordance with their articles of association, and the effect of listed shares was not taken into account in determining the Zakat base. This circular was scheduled to be implemented in the year ending 31/12/2016G and subsequent years. However, the Zakat, Tax and Customs Authority issued its letter No. 12097/16/1438 dated 19/04/1438H (corresponding to 17/01/2017G), which requires postponing the implementation of the circular for the fiscal year ending on 31/12/2017G and the years that follow, until the Zakat, Tax and Customs Authority issues its directives regarding the mechanisms and procedures for implementing this circular, the implementation of this circular, including the final requirements that must be met, is still under consideration, as are the rules that impose income tax on all non-GCC resident shareholders in listed Saudi companies and that apply withholding tax to dividends of non-resident shareholders, regardless of their nationalities. Given that the Issuer is a public joint stock company owned by shareholders of different nationalities, if it does not evaluate the financial impact of this circular and take sufficient steps to ensure compliance with it, and if the financial impact of this circular when implemented is significant, or if the Issuer incurs additional costs to take the necessary steps to ensure compliance with it, as this will negatively affect its business, results of operations, financial position and future prospects.

2-2-18 Risks related to real estate expropriation

The Issuer may face the risk of expropriation of real estate for the purpose of using it for public benefit. In the event of expropriation of one of the Issuer's properties, there is no guarantee that the compensation the Issuer will receive will be equal to the market value of the property in dispute or even the cost of purchasing it. If this happens, it will have a negative and material impact on the Issuer's profitability, results of operations and prospects.

Although the system of expropriation of real estate for public benefit stipulates that expropriation must take place in exchange for fair compensation, the compensation may not be sufficient to compensate the Issuer for the loss of lost income as a result of the cessation or decline of revenues generated from such real estate. In addition, the compensation estimate and objection procedures (if the compensation is not acceptable to the Issuer) usually take long periods, which will result in a material adverse effect on the Issuer's revenues, business, financial condition and future prospects.





2-2-19 Risks related to the application of the Real Estate Registration Law

Some or all of the Issuer's real estate may be subject to the real estate registration system issued pursuant to Royal Decree No. (M/91) dated 19/09/1443H (corresponding to 20/04/2022G), and Cabinet Resolution No. (537) dated 18/09/1443H (corresponding to 19/04/2022G) and its executive regulations issued by Resolution of the General Real Estate Authority No. (1/20/T/22) dated 27/01/1444H (corresponding to 25/08/2022G), which entered into force in August of the year 2022G. If the Issuer is obliged to register his real estate or part of it in kind and is unable to register the real estate that must be registered within the specified period, the Issuer may incur fines and penalties as a result of violations stipulated in the law, which do not exceed (100,000) one hundred thousand Saudi riyals for any of the following cases, for example, but not limited to: refraining from disclosing any documents or data necessary for the validity and integrity of the first in-kind registration procedures, obstructing the work of the competent authority related to the in-kind registration procedures, or failing to submit an application for the first in-kind registration of the property within the period specified for submitting applications. If this happens, there will be a negative impact on the Issuer's revenues and profits, its financial condition and its future prospects.

Also, if the Issuer submits applications for real registration of his real estate or part of it and the ownership registration instruments are not issued in the event of an objection to them, for example but not limited to due to duplication and overlap between the title instruments or for any other reasons, this will lead to the Issuer being unable to register the asset. In kind, which may lead to the inability to obtain licenses for the real estate asset, operate it, or dispose of it, which will negatively affect the Issuer's revenues, operational business, financial condition, and prospects.

2-3 Risks related to shares listed in the Main Market

2-3-1 Risks of not meeting the liquidity requirements in the Main Market after the transfer

The Issuer must meet the liquidity requirements for the transfer to the Main Market and not violate these requirements after the transfer process. Since liquidity requirements represent an ongoing obligation for the Issuer, a breach in liquidity requirements may cause the suspension of trading in the Issuer's shares. For example, the public owns a 32.23% of the Issuer's shares as in the shareholders' register dated 28/03/1446H (corresponding to 01/10/2024G) issued on 30/03/1446H (corresponding to 03/10/2024G), and if the ownership of any public shareholder exceeds 5% of the total shares, this will cause the Issuer to be classified as non-public, and thus the public ownership in the Issuer's shares will be less than 30%, which conflicts with the liquidity requirements of the Main Market. If this happens, the Issuer must immediately notify the Exchange of this matter, and take the necessary corrective measures to ensure that the requirements are met according to the time limit specified by the Exchange, after coordination with the Capital Market Authority. The Issuer must continuously inform the Exchange of any development regarding corrective measures, which may consist of the Substantial Shareholders selling a number of his shares to the public in order to ensure that the requirements are met, thus negatively impacting the Issuer.



2-3-2 Risks related to forward-looking statements

The future results and expected performance data of the Issuer cannot be verified with certainty, and may differ from those contained in this Document. Accordingly, failure to achieve the expected results or the difference in actual data from those expected represents one of the risks that the shareholder should be aware of before making any investment decision.

2-3-3 Risks of potential selling or issuing additional shares in the future

If the Issuer decides to increase its capital by issuing new shares in the future for the purpose of expanding its activities, to cover losses, or for other reasons, and obtains the necessary regulatory approvals for this, it is likely that this will lead to a negative impact on the share price in the market or a decrease in the percentage of ownership of Shareholders of the Issuer if they have not invested in the new shares at that time.

2-3-4 Risks of dividend distribution to shareholders

The future distribution of profits depends on several factors, including, but not limited to, future profits, financial condition, capital needs, the Issuer's distributable reserves, general economic conditions, analysis of investment opportunities and needs, and other relevant factors, in light of which the Board of Directors' recommends distribution of profits. Any potential increase in the Issuer's capital may also lead to a decrease in earnings per share due to the distribution of dividends over a larger number of shares. The Issuer gives no assurance whatsoever that the Board of Directors will recommend the distribution of future dividends or that the Board of Directors' recommendation to distribute any dividends will be approved by shareholders at the General Assembly meetings. The Issuer also makes no guarantee as to the amounts that will be paid as dividends in any given year. Also, the distribution of profits is subject to certain restrictions and conditions stipulated in the bylaws of the Issuer.

2-3-5 Risks associated with the actual control by the Substantial Shareholder over the interests of the Issuer and other shareholders

Substantial Shareholders may be able, alone or with other shareholders, to control decisions that require shareholder approval, such as mergers, acquisitions and asset sales, the election of directors, an increase or reduction of capital, the issuance or non-issuance of additional shares, the distribution of dividends, or approval of important contracts and operations of the Issuer, amendment of the terms of the Articles of Incorporation of the Issuer, or any change in the Issuer. As of the date of this Document, the Issuer has eight Substantial Shareholders, each of whom owns more than 5% of the Issuer's shares, and together they own 64.952% of the Issuer's shares. If circumstances arise in which the interests of Substantial Shareholders conflict with the interests of minority shareholders, this may place the minority shareholders in a position that is not in their favor, and the current shareholders may exercise their control over the Issuer in a way that may negatively affect the Issuer's business, financial condition, results of its operations and prospects.





2-3-6 Risks associated with selling a large number of shares in the market after the transfer to the Main Market

Selling a large number of the Issuer's shares after the completion of the Transfer process or anticipating such a process will negatively affect the prices of these shares in the market. The sale of a large number of shares by current shareholders (particularly Substantial Shareholders who each own 5% or more of the Issuer's shares) may negatively impact the Issuer's shares, and thus decrease their market price.

2-3-7 Risks related to possible fluctuations in the share price

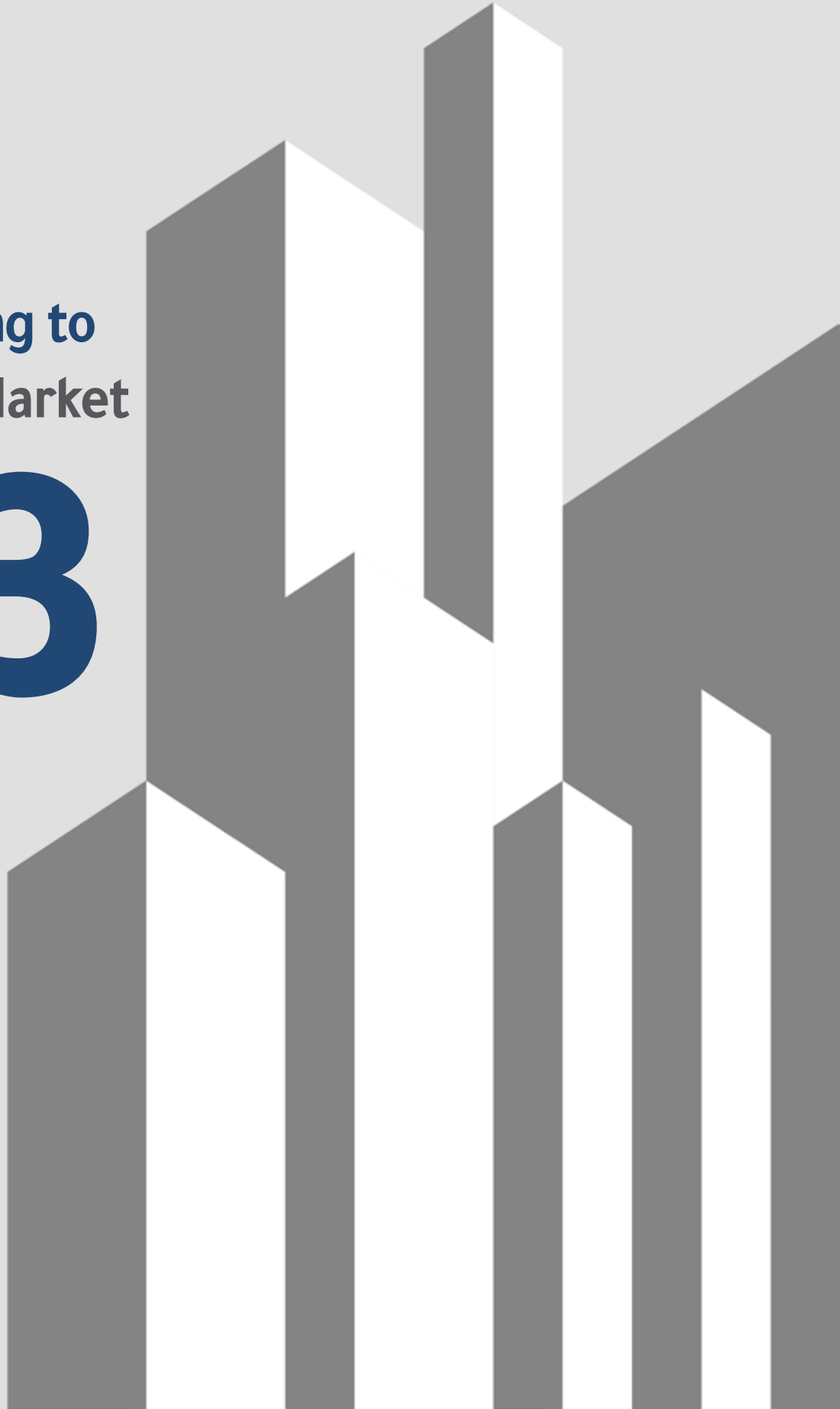
The market price of the Issuer's shares may not be stable after moving from the Parallel Market to the Main Market, as potential market fluctuations may lead to a decrease in trading volume, fluctuation in the price of the shares, and a decline in their value. The price of shares may be significantly affected by several factors, including but not limited to market conditions related to the shares, any regulatory changes in the sector, deterioration in the results of the Issuer's business, inability to implement future plans, or the entry of new competing companies, or the general condition of the Kingdom's economy, or a change in the vision or estimates of experts and analysts for the stock market, or any announcement by the Issuer or any of its competitors. There is no guarantee that the market price of the Issuer's shares immediately after moving to the Main Market will not be less than the closing price in the last trading session in the Parallel Market, which negatively affects investors.

2-3-8 Risks of suspending trading or canceling the Issuer's shares as a result of not publishing its financial statements within the statutory period

In the event that the Issuer is unable to publish its financial information during the statutory period imposed in the Main Market (thirty days from the end of the financial period for the initial financial statements and three months from the end of the financial period for the annual financial statements), the procedures for suspending the listed securities are applied in accordance with the listing rules issued by the Saudi Tadawul Co. «**Saudi Exchange**», which stipulates that the market suspends trading of securities for one trading session following the expiry of the statutory deadline. In the event that the financial information is not published within twenty trading sessions following the first pending trading session, the Saudi Tadawul Company will announce the re-suspension of the Issuer's securities until it announces its financial results. In the event that the suspension of trading the Issuer's shares continues for a period of six months without the Issuer taking appropriate measures to correct that suspension, the Capital Market Authority may cancel the listing of the Issuer's securities. Saudi Tadawul Company lifts the suspension after one trading session has passed following the announcement of the Issuer's financial results. However, in the event that the Issuer is late in announcing its financial results, or if it is unable to publish them within the statutory period referred to above, this will cause the suspension of the Issuer's shares or the cancellation of listing its shares, which will negatively and substantially affect the interest of the Issuer's shareholders and the Issuer's reputation and results of operations.

Purpose of Transferring to the Main Market

03





3- Purpose of Transferring to the Main Market

On 16/12/1444H (corresponding to 04/07/2023G), the Issuer's Board of Directors approved the transfer of the Issuer's shares from the Parallel Market to the Main Market, based on the Listing Rules issued by the Saudi Tadawul Company and approved by a decision of the CMA Board No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), and all amendments thereto, and in light of the stipulations of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), and all amendments thereto, and based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, amended by the decision of the Capital Market Authority Board No. 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G), as the Board of Directors considered that it is in the interest of the Issuer and its shareholders to take advantage of the options available under legislation and transfer to the Main Market. And since the Issuer's shares were listed on the Parallel Market on 03/01/1443H (corresponding to 11/08/2021G), and accordingly, the Issuer has fulfilled the regulatory requirement contained in Article (44) forty-four of the Listing Rules related to the lapse of a period of two calendar years from the date of Listing on the Parallel Market. The Issuer has also fulfilled all other statutory requirements stipulated in this article in terms of fulfilling the liquidity requirements and the total market value during the twelve months preceding the submission of the transfer application. In addition, the Issuer has fulfilled the governance requirements of the Main Market, and the Board of Directors is confident of the Issuer's ability to meet the disclosure requirements after transferring to the Main Market, as well as its current ability to deal with all matters related to listing on the Main Market, including direct dealings with regulatory and legislative authorities, the public, etc..

**Legal information
and declarations of
the members of the
Board of Directors**

04



4- Legal information and declarations of the members of the Board of Directors

4-1 Legal Information

4-1-1 Issuer's name

The Issuer is registered in the Commercial Register under the trade name (Banan Real Estate Company).

4-1-2 Background and Incorporation

Banan Real Estate Company was initially established as a limited liability company under the name of (Abdulaziz Saleh Al-Haqbani Sons Real Estate Development and Investment Company), with a capital of (504,000) five hundred and four thousand Saudi riyals, divided into (480) four hundred and eighty shares of equal value, the value of each of which is (1,050) one thousand and fifty Saudi riyals, all of which are ordinary cash shares of equal value, according to the articles of incorporation registered with the notary public of the Ministry of Commerce on 13/02/1426H (corresponding to 23/03/2005G) and registered in the commercial register under No. (1010207597) issued in the city of Riyadh on 24/ 02/1426H (corresponding to 03/04/2005G).

Pursuant to the Decision of His Excellency the Minister of Commerce No. (280/Q) issued on 26/12/1434H (corresponding to 31/10/2013G); the Issuer was converted into a closed joint stock company and the capital was increased from (504,000) five hundred and four thousand Saudi riyals to (2,000,000) two million Saudi riyals, divided into (200,000) two hundred thousand shares of equal value, the value of each of which is (10) ten Saudi riyals, all of which are cash ordinary shares, identical in all respects. The value of the capital increase, amounting to (1,496,000) one million four hundred and ninety-six thousand Saudi riyals, was deposited a local bank licensed to operate in the Kingdom.

On 15/04/1442H (corresponding to 30/11/2020G), the Extraordinary General Assembly approved changing the name of the Issuer to (Banan Real Estate Company), and also agreed to increase the Issuer's capital to (200,000,000) two hundred million Saudi riyals, divided into (20,000,000) twenty million ordinary cash shares, identical in all respects, with a nominal value of (10) ten Saudi riyals per share, meaning an increase of (198,000,000) one hundred and ninety-eight million Saudi riyals. The increase was achieved by capitalizing the credit balance of related parties resulting from financing the Issuer's investments each year, each according to his share percentage.

The listing and trading of the Issuer's shares on Nomu Market officially began under the trading code (9519) on 03/01/1443H (corresponding to 11/08/2021G).

On 25/11/1444H (corresponding to 14/06/2023G), the extraordinary general assembly approved the division of the Issuer's shares so that the nominal value of each share became (1) one Saudi riyal, and the total number of shares amounting to (200,000,000) two hundred million shares.



Table 2: Current ownership structure of the Issuer

S/N	Shareholder Name	No. of shares	Total value of shares	Direct Ownership	Indirect Ownership
1.	Ahmed bin Abdulaziz bin Saleh Al Haqbani ⁽¹⁾	23,190,301	23,190,301	11.5952%	0.0898%
2.	Hisham bin Abdulaziz bin Saleh Al Haqbani	18,655,750	18,655,750	9.3279%	None
3	Mansour bin Abdulaziz bin Saleh Al Haqbani ⁽²⁾	16,772,000	16,772,000	8.3860%	0.0050%
4	Abdullah bin Abdulaziz bin Saleh Al Haqbani ⁽³⁾	16,627,060	16,627,060	8.3135%	0.0108%
5	Abdul Mohsen bin Abdulaziz bin Saleh Al-Haqbani ⁽⁴⁾	16,122,000	16,122,000	8.0610%	0.0882%
6	Abdul Rahman bin Abdulaziz bin Saleh Al Haqbani ⁽⁵⁾	14,567,000	14,567,000	7.2835%	0.1007%
7	Qumasha bin Ibrahim bin Obaid Al-Jabr	12,096,000	12,096,000	6.0480%	None
8	Mohammed bin Abdulaziz bin Saleh Al Haqbani ⁽⁶⁾	11,873,761	11,873,761	5.9369%	0.3495%
	The Ownership other than the public other than the major shareholders (23 shareholders)	5,637,729	5,637,729	2.8189%	0.0605%
	Public (508) Shareholder	64,458,399	64,458,399	32.2292%	1.3925%
Total (539 shareholders)		200,000,000	200,000,000	100.0000%	2.0969%

Source: Shareholders' Register dated 28/03/1446H (corresponding to 01/10/2024G) issued on 30/03/1446H (corresponding to 03/10/2024G).

Note: The percentages in the above table are approximate.

(1) The indirect ownership of the Substantial Shareholder Ahmed bin Abdulaziz bin Saleh Al-Haqbani is represented by his ownership of the International Hotels Company at 46%, which owns 0.0050% of Banan Real Estate Company, in addition to the ownership of his wife Sarah Suleiman bin Abdulaziz Al-Saleem, his minor son Abdulaziz Ahmed Abdulaziz Al-Haqbani, his minor daughter Basma Ahmed Abdulaziz Al-Haqbani, and his minor daughter Lulu Ahmed Abdulaziz Al-Haqbani, who collectively own 0.0875% of the issuer's shares.

(2) The indirect ownership of the Substantial Shareholder Mansour bin Abdulaziz bin Saleh Al-Haqbani is represented by the ownership of the International Hotels Company at 0.0050% of the shares of Banan Real Estate Company, as he controls the International Hotels Company as a director therein.

(3) The indirect ownership of the Substantial Shareholder Abdullah bin Abdulaziz bin Saleh Al-Haqbani is represented by the ownership of his wife Fawzia Mohammed Hamad Al-Saif, who owns 0.0108% of the issuer's shares.

(4) The indirect ownership of the Substantial Shareholder and Chairman of the Board of Directors, Abdul Mohsen Abdulaziz Saleh Al-Haqbani, is represented by the ownership of his wife Dalal Fahd Abdul Rahman Al-Obeikan, his minor son Fahd Abdul Mohsen Abdulaziz Al-Haqbani, his minor son Abdulaziz Abdul Mohsen Abdulaziz Al-Haqbani, and his minor daughter Sarah Abdul Mohsen Abdulaziz Al-Haqbani, who collectively own 0.0882% of the issuer's shares.

(5) The indirect ownership of the Substantial Shareholder, Abdul Rahman bin Abdulaziz bin Saleh Al-Haqbani, is represented by the ownership of his wife Aisha Abdullah Mansour Abulkhail, who owns 0.1000% of the issuer's shares, in addition to his ownership of International Hotels Company at 13%, which owns 0.0050% of Banan Real Estate Company, noting that he does not control International Hotels Company.

(6) The indirect ownership of the Substantial Shareholder, Mohammed bin Abdulaziz bin Saleh Al-Haqbani, is represented by his ownership of 41% in the International Hotels Company, which owns 0.0050% in Banan Real Estate Company, in addition to the ownership of his wife, Mishaal Hassan Saleh bin Murshid, who owns 0.3474% of the issuer's shares.





4-1-3 Issuer Purposes

The Issuer's activities as per its commercial register are general construction of residential buildings, management and leasing of owned or leased residential properties, management and leasing of owned or leased non-residential properties, property management, and real estate registration services. The Issuer's main activity is management and leasing of owned or leased residential and non-residential properties.

According to Article No. (3) of the Articles of Association, the Issuer may carry out the following activities:

- agriculture, forestry and fishing,
- mining and quarrying,
- manufacturing industries,
- electricity, gas, steam and air-conditioning supplies,
- water supply and sanitation activities, and waste management and treatment,
- construction,
- wholesale and retail trade, repair of motor vehicles and bicycles and motorcycles,
- transportation and storage,
- accommodation and food service activities,
- information and communications,
- financial and insurance activities,
- real estate activities,
- professional, scientific and technical activities,
- administrative and support services,
- public administration and defence, compulsory social security,
- education,
- human health and social work activities,
- arts, leisure and entertainment,
- other service activities,
- activities of households that employ individuals and household activities,
- managing their affiliated companies or participating in the management of other companies in which they contribute and providing the necessary support to them,
- investing their money in stocks and other securities,
- owning the real estate and movables necessary to carry out their activity,
- owning industrial property rights, such as patents, trademarks, industrial trademarks, franchise rights, and other moral rights, exploiting and leasing them to affiliated companies or others,
- purchasing and renting lands to construct buildings on them, investing these buildings by selling or renting them for the benefit of the Issuer or others, managing, maintaining and developing property, and purchasing and owning property for the benefit of the Issuer or others, buying, selling and exploiting real estate and lands for the benefit of the Issuer and off-plan sales.



It is worth noting that there has been no interruption in the business of the Issuer or its Subsidiary that could have significantly affected or had a significant impact on the financial position during the last (12) months.

4-1-4 Issuer Term

Article Six (6) of the Articles of Association stipulates that the term of the Issuer shall be one hundred (100) Gregorian years, starting from the date of its registration in the commercial register. The term of the Issuer may be extended by a decision issued by the extraordinary general assembly at least one year before the expiration of this term.

4-1-5 Board Formation

The Issuer shall be managed in accordance with Article Sixteen (16) of its Articles of Association, by a Board of Directors consisting of six (6) members elected by the Ordinary General Assembly of Shareholders for a period not exceeding four (4) years

On 27/04/1444H (corresponding to 21/11/2022G) the Extraordinary General Assembly of shareholders elected members of the Board of Directors for the current term, which started on 02/06/1444H (corresponding to 26/12/2022G) and continues until 05/07/1447H. (corresponding to 25/12/2025G). The Board of Directors for the said term is composed of the following gentlemen:

Table 3: The Issuer's Board of Directors

S/N	Name	Position	Nationality	Membership Capacity
1	Abdul Mohsen bin Abdulaziz Al-Haqbani	Chairman	Saudi	Non-executive
2	Ahmed bin Abdul Rahman Al Haqbani	Deputy Chairman	Saudi	Non-executive
3	Faisal bin Mohammed Al-Haqbani	Member	Saudi	Non-executive
4	Naif Bin Abdullah Al-Sofayan	Member	Saudi	Non-executive
5	Ahmed bin Suleiman Al-Muzaini	Member	Saudi	Independent
6	Abdulaziz bin Mohammed Al-Qabbani	Member	Saudi	Independent

Source: Banyan Real Estate Company

The Issuer adheres to the Companies Law and the Corporate Governance Regulations issued by the Board of Directors of the Capital Market Authority. The Issuer also adheres to Article (16) of the Corporate Governance Regulations, which requires the majority of the board members of listed companies to be non-executive members, and that the number of its independent members is not less than two members or one-third of the Board members (whichever is greater).





4-1-6 Shares owned by members of the Board of Directors according to the shareholder register dated 28/03/1446H (corresponding to 01/10/2024G) issued on 30/03/1446H (corresponding to 03/10/2024G)

Table 4: Shares owned by members of the Board of Directors according to the shareholder register dated 28/03/1446H (corresponding to 01/10/2024G) issued on 30/03/1446H (corresponding to 03/10/2024G).

S/N	Name	Position	Directly		Indirectly		Total	
			No of shares (share)	Percent-age of total capital %	No of shares (share)	Percent-age of total capital %	No of shares (share)	Percentage of total capital %
1	Abdul Mohsen bin Abdulaziz Al-Haqbani*	Chairman	16,122,000	8.0610%	176,350	0.0882%	16,298,350	8.1492%
2	Ahmed bin Abdul Rahman Al Haqbani**	Deputy Chairman	200,000	0.1000%	120,000	0.0600%	320,000	0.1600%
3	Faisal bin Mohammed Al-Haqbani	Member	1,300,000	0.6500%	None	None	1,300,000	0.6500%
4	Naif Bin Abdullah Al-Sofayan	Member	2,531,969	1.2660%	None	None	2,531,969	1.2660%
5	Ahmed bin Suleiman Al-Muzaini	Member	None	None	None	None	None	None
6	Abdulaziz bin Mohammed Al-Qabbani	Member	None	None	None	None	None	None
Total			20,153,969	10.0770%	296,350	0.1482%	20,450,319	10.2252%

Source: Banan Real Estate Company

Note (1): The ownership percentages mentioned in the table above are rounded percentages. They are extracted from the shareholder register dated 28/03/1446H (corresponding to 01/10/2024G) issued on 30/03/1446H (corresponding to 03/10/2024G).

Note (2): The independence characteristics of the members of the Board of Directors have been identified based on the Corporate Governance Regulations issued by the Capital Market Authority.

*The indirect ownership of the Chairman of the Board, Abdul Mohsen Abdulaziz Saleh Al-Haqbani, is represented by the ownership of his wife Dalal Fahd Abdulrahman Al-Obaikan, his minor son Fahd Abdulmohsen Abdulaziz Al-Haqbani, his minor son Abdulaziz Abdulmohsen Abdulaziz Al-Haqbani, and his minor daughter Sarah Abdulmohsen Abdulaziz Al-Haqbani.

** The indirect ownership of the Vice Chairman of the Board, Ahmed Abdul Rahman Al Haqbani, is represented by the ownership of his wife Nouf Khalid Mohammed Al-Buwardi, his minor son Abdulrahman Ahmed Abdulrahman Al-Haqbani, and his minor daughter Seetah Ahmed Abdulrahman Al-Haqbani.

4-2 Board of Directors

According to the Issuer's Articles of Association, the Board of Directors has the widest powers in managing the Issuer in a way that achieves its objectives, and it has the power, within the limits of its competence, to authorize one or more of its members or third parties to undertake specific work or actions.

4-2-1 List of competing businesses for members of the Board of Directors

The following is a list of competing businesses for Board Member Mr. Naif Bin Abdullah Al-Sofayan:

Table 5: List of competing businesses of Board of Directors member Naif Bin Abdullah Al-Sofayan

S/N	Company Name	Activities	Position
1	Busma Advanced Company	Construction	General Manager
2	Kalima Real Estate Development and Investment Company	Real estate development	General Manager



S/N	Company Name	Activities	Position
3	Naif Bin Abdullah Al-Sofayan Real Estate Est	Real estate	General Manager

Source: Banan Real Estate Company

The following is a list of competing businesses for Board Member Mr. Faisal bin Mohammed Al-Haqbani:

Table 6: List of competing businesses for Board Member Faisal bin Mohammed Al-Haqbani

S/N	Company Name	Real estate	Position
1	Wafia Real Estate Company	Real estate	Vice CEO

Source: Banan Real Estate Company

4-2-2 Board Remuneration

The remuneration of the Board of Directors shall be made in accordance with the stipulations of the Issuer's Articles of Association. The report of the Board of Directors for the year 2023G, includes a comprehensive statement of all amounts received by the members of the Board of Directors during the fiscal year in terms of bonuses, allowances, expenses and other benefits. It also includes a statement of the number of board sessions and the number of sessions attended by each member. The report was presented to the Ordinary General Assembly of the Issuer for discussion on 16/10/1445H (corresponding to 25/04/2024G).

4-2-3 Board meetings

According to Article Twenty-Two (22) of the Issuer's Articles of Association, the Board meets at the invitation of its Chairman or Deputy Chairman, and the Chairman of the Board must call for a meeting when two of the directors request him to do so. The number of annual Board meetings shall not be below four (4) meetings.

4-2-4 Board Responsibilities

Subject to the terms of reference of the General Assembly, the Board of Directors shall have the widest powers and authorities necessary to manage the Issuer, and the final responsibility for the Issuer remains with the Board, even if it forms committees or delegates other entities or individuals to carry out some of its work. The Board must avoid issuing general or indefinite delegations. The Board of Directors must perform its duties responsibly, in good faith, with diligence and concern, and its decisions must be based on reliable information from the executive management or any other reliable source.

A member of the Board of Directors represents all shareholders, and he must undertake to act in the interest of the Issuer in general, and not what urges the interests of the group that he represents, or those who voted to appoint him on the Board of Directors. The Board of Directors determines the powers that it delegates to the executive management, decision-making procedures, and the duration of the delegation. It also determines the issues that it retains the power to decide on. The executive management submits periodic reports on its exercise of the delegated powers. The Board of Directors must also ensure that procedures are put in place to familiarize the new Board members with the Issuer's business, especially the financial and legal aspects, as well as





training them if necessary. The Board of Directors must ensure that the Issuer provides adequate information about its affairs to all members of the Board of Directors in general, and to non-executive members of the Board of Directors in particular, in order to enable them to carry out their duties and tasks adequately. It is prohibited for the members of the Board of Directors to disclose to the shareholders, outside the meetings of the General Assembly, or to third parties, what they have agreed upon regarding the Issuer's secrets as a result of their management of the Issuer; otherwise, they must be dismissed and held accountable for compensation. The members of the Board of Directors shall be jointly responsible for compensating the Issuer, the shareholders or third parties for the damage arising from their mismanagement of the Issuer's affairs or their violation of the provisions of the laws and regulations. The responsibility rests with all members of the Board of Directors unless the error arose from a unanimous decision. As for the decisions issued by the majority of opinions, the dissenters are not responsible for them once they explicitly prove their objection in the minutes of the meeting. Absence from attending the meeting in which the decision is issued shall not be considered a reason for exemption from responsibility unless it is proved that the absentee was not aware of the decision or was unable to object to it after becoming aware of it.

4-3 Board committees

The Board of Directors has two committees, which are:

4-3-1 Audit Committee

The Audit Committee was formed of (3) members other than the executive members of the Board of Directors, and they were appointed by the General Assembly held on 27/04/1444H (corresponding to 21/11/2022G) for the Board term that begins on 02/06/1444H (corresponding to 26/12/2022G) and ending on 05/07/1447H (corresponding to 25/12/2025G).

On 23/03/1445H (corresponding to 08/10/2023G), the extraordinary general assembly meeting was held and the charter of the Audit Committee was amended.

Table 7: Members of the Audit Committee

Name	Position	Status
Ahmed bin Suleiman Al-Muzaini	Chairman of the Committee	Member of the Board of Directors-Independent
Abdul Rahman bin Khalid bin Ali Al-Sultan	Member	From outside the Board - Independent
Abdulaziz bin Mohammed Al-Arifi	Member	From outside the Board - Independent

Source: Banan Real Estate Company

- On 15/02/2023G, the resignation of Mr. Khalid bin Abdulaziz Al-Hoshan from his membership in the Audit Committee was accepted by the Board of Directors, and approval was issued to appoint Mr. Abdulaziz bin Mohammed Al-Arifi as a member of the Audit Committee as of 20/02/2023G until the end of the current session.

- On 10/01/2024G, the Audit Committee's Charter was amended by the Board of Directors, and on 04/02/2024G, the amendment was approved by the Ordinary General Assembly.

The committee held four (4) meetings during the fiscal year ending on December 31, 2023G. The Committee also held (three) meetings in 2024G until the date of this document.



4-3-2 Competencies of the Audit Committee

The Audit Committee is responsible for monitoring the Issuer's business and verifying integrity of the reports, financial statements and internal control systems therein. The committee's duties and responsibilities include the following:

a) Financial reports:

- 1- Studying the Issuer's interim and annual financial statements before presenting them to the Board of Directors and expressing their opinion and recommendation to ensure their integrity, fairness and transparency.
- 2- Expressing a technical opinion, at the request of the Board of Directors, whether the report of the Board of Directors and the financial statements of the Issuer are fair, balanced, and understandable, and include information that allows shareholders and investors to evaluate the Issuer's financial position, performance, business model, and strategy.
- 3- Examining any important or unusual issues contained in the financial reports.
- 4- Examining carefully any issues raised by the Issuer's financial manager or whoever assumes his duties, the Issuer's compliance officer, or the auditor.
- 5- Verifying the accounting estimates in material matters contained in the financial reports.
- 6- Studying the accounting policies followed in the Issuer and expressing an opinion and a recommendation to the Board of Directors in this regard.

b) Internal audit

- 1- Studying and reviewing the Issuer's internal and financial control and risk management systems.
- 2- Studying the internal audit reports and following up the implementation of corrective actions according to the notes contained therein.
- 3- Controlling and supervising the performance and activities of the internal auditor and the internal audit department in the Issuer, if any, to verify the availability of the necessary resources and their effectiveness in performing the tasks and duties entrusted to them. If the Issuer does not have an internal auditor, the committee shall submit its recommendation to the Board regarding the need to appoint one.
- 4- Providing recommendation to the Board of Directors to hire a unit manager, internal audit department, or internal auditor, and suggest his remuneration.

c) Auditor

- 1- Recommending to the Board of Directors the nomination and dismissal of auditors, determining their fees and evaluating their performance after verifying their independence and reviewing the scope of their work and the terms of their contacts.
- 2- Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.
- 3- Reviewing the Issuer's auditor's plan and work and verifying that he does not submit technical





or administrative work that is outside the scope of the audit work and expressing its opinions in this regard.

- 4- Answering the inquiries of the Issuer's auditor and providing the necessary support to enable him to perform his duties.
- 5- Examining the auditor's report and his notes on the financial statements and following up on what steps have been taken in their regard.

d) Ensuring Compliance

- 1- Reviewing the results of the regulatory authorities' reports and verifying that the Issuer has taken the necessary measures in this regard.
- 2- Verifying the Issuer's compliance with relevant regulations, policies and instructions.
- 3- Reviewing contracts and transactions proposed to be conducted by the Issuer with related parties and submitting its views in this regard to the Board of Directors.
- 4- Raising the issues, it deems necessary to take action on to the Board of Directors and providing recommendations for the actions to be taken.

4-3-3 Remuneration and Nominations Committee

The Remuneration and Nominations Committee is composed of (3) members who are not Executive members of the Board of Directors. The members of the Committee were appointed pursuant to the decision of the Board of Directors at its meeting held on 20/10/1444H (corresponding to 10/05/2023G).

This is for the Board's term, which begins on 02/06/1444H (corresponding to 26/12/2022G) and ends on 05/07/1447H (corresponding to 25/12/2025G).

Table 8: Members of the Remuneration and Nominations Committee

Name	Position	Capacity
Naif Bin Abdullah Al-Sofayan	Chairman of the Committee	Member of the Board of Directors (Non-executive)
Faisal bin Mohammed Al-Haqbani	Committee Member	Member of the Board of the Directors (Non-executive)
Fahd bin Yaan Allah Al-Ghamdi	Committee Member	From outside the Board (Independent)

Source: Banan Real Estate Company

The Extraordinary General Assembly approved the Nominations and Remuneration Committee's Charter on 25/11/1444H (corresponding to 14/06/2023G).

On 23/03/1445H (corresponding to 08/10/2023G), the Extraordinary General Assembly meeting was held and the nominations and remuneration policy was amended.

The committee held two (2) meetings during the fiscal year ending on 31/12/2023G.

The Committee also held (one) meeting in 2024G until the date of this document.



4-3-4 Competencies of Remuneration and Nominations Committee

The Remuneration and Nominations Committee's Charter set forth a number of competencies for each function of the Remuneration and Nominations. The following are the competencies relating to the nominations:

- a- Considering the organizational structure of the Issuer and its Subsidiary and submitting the necessary recommendations to the Board.
- b- Suggesting clear policies and criteria for membership in the Board of Directors and executive management.
- c- Providing recommendations to the Board of Directors on the nomination and re-nomination of its members and in accordance with the approved policies and standards, with due consideration not to nominate any person previously convicted with crime involving breach of trust or a violation of the rules and regulations in the Kingdom of Saudi Arabia or any other country.
- d- Recommending to the Board to nominate members of the Board committees in accordance with the committees' terms of reference and relevant laws and regulations.
- e- Recommending to the Board to nominate independent members in the Board committees and ensuring their independence.
- f- Preparing a description of the capabilities and qualifications required for a member of the Board of Directors and filling executive management positions.
- g- When nominating members of the Board of Directors, the Committee must take into account the terms and conditions stated in the Corporate Governance Regulations and the requirements decided by the Authority.
- h- Determine the time that a member must devote to the work of the Board of Directors.
 - i- Annual review of the necessary skills or experience needed for membership in the Board of Directors and executive management roles.
 - j- Reviewing the structure of the Board of Directors, committees and executive management and making recommendations regarding changes that can be made.
 - k- Verifying annually the independence of independent members, and the absence of any conflict of interest if the member holds a membership on the Board of Directors of another company.
 - l- Develop job descriptions for executive members, non-executive members, independent members, and senior executives.
- m- Determine the qualifications necessary for membership of each Board committee.
- n- Developing an induction and training program for new members of the Board regarding the company's business, in addition to having ongoing educational programs and reviewing their effectiveness regularly.
- o- Establishing special procedures in the event that a position of a member of the Board of Directors or a senior executive becomes vacant.





- p- Assisting the Board in evaluating its members, committees, and executive management, identifying areas of weakness and strength in the Board of Directors, and proposing solutions to address them in a manner consistent with the interest of the Issuer.
- q- Nominating the company's CEO, review his annual remuneration and bonuses, and recommending to the Board to extend his services. Ensure that the CEO has taken all necessary measures to transfer his responsibility in the event of the end of his relationship with the company.
- r- Evaluating the CEO's performance according to the standards established and approved by the Nominations and Remuneration Committee.
- s- Reviewing the succession plan for the CEO and executive management, reviewing it periodically and ensuring its effectiveness.
- t- Evaluating the performance of the Board of Directors, its committees, and executive management annually, and submitting its results to the Board of Directors while recommending a plan to address aspects that need development.

Competences relating to remuneration:

- a- Preparing a clear policy for remuneration of members of the Board of Directors, the Board committees, and executive management, and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, provided that the policy follows standards related to performance, discloses them, and verifies their implementation.
- b- Clarifying the relationship between the granted remuneration and the applicable remuneration policy and indicate any material deviation from this policy.
- c- Periodically reviewing the remuneration policy, evaluating its effectiveness in achieving its intended goals, ensuring its suitability to changes that may occur in relevant legislation, the company's strategic objectives, and the skills and qualifications necessary to achieve them, and recommending to the Board of Directors regarding the proposed changes to this policy.
- d- Recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees, and the company's senior executives in accordance with the approved policy.
- e- Reviewing the basis for distributing annual bonuses approved by the Board of Directors and recommending them to the Board of Directors.
- f- Preparing a periodic report on the remuneration paid to the Board of Directors, its committees and the executive management.

4-4 Executive Management

The position of CEO is currently held by Mr. Majid bin Abdullah bin Mohammed Al Nasser, as of 06/06/1442H (corresponding to 19/01/2021G). The following table shows the details of the Issuer's executive management:



Table 9: Details of Executive Management

Name	Position	Nationality	Age	Appointment Date	Shares Owned			
					Directly		Indirectly	
					No.	%	No.	%
Majed Abdullah Al-Nasser	Chief Executive Officer	Saudi	47	19/01/2021G	200,000	0,1000%	None	None
Mohammed Mahmoud Abu Khashaba	Chief Financial Officer	Egypt	44	01/09/2015G	None	None	None	None

Source: The shareholder register dated 28/03/1446H (corresponding to 01/10/2024G) issued on 30/03/1446H (corresponding to 03/10/2024G).

The following is a summary of the CVs of members of the executive management:

Table 10: Biography of Mr. Majed bin Abdullah bin Mohammed Al Nasser

Majed bin Abdullah bin Mohammed Al Nasser	
Nationality	Saudi
Age	47
Position	Chief Executive Officer
Academic Qualifications	– Bachelor of Business Administration and Marketing - King Saud University, Riyadh - Kingdom of Saudi Arabia (2000G)
Practical Experience	– CEO of Banan Real Estate Company from the beginning of 2021G until today. – Deputy CEO of Banan Real Estate Company from 2012G until January 2021G. – Manager of the Brokerage Department (Local Shares) / Gold Services at Shuaa Capital Company from 2008G until 2012G. – Manager of the Brokerage Department (Local Stocks) / Gold Services at Riyadh Bank from 2002G until 2008G.

Source: Banan Real Estate Company

Table 11: Biography of Mr. Mohammed Mahmoud Abu Khashaba

Mohammed Mahmoud Abu Khashaba	
Nationality	Egyptian
Age	44
Position	Chief Financial Officer
Academic Qualifications	– Bachelor of Commerce, Accounting Division, 2002, Zagazig University - Arab Republic of Egypt. – CME1 certificate for dealing in securities from the Saudi Capital Market Authority in 2021G. – Professional test certificate for Saudi Stock Exchange disclosure, Tadawul. – Certificate in International Financial Reporting Standards from the Association of Chartered Certified Accountants, 2021G. – Certificate in Technical Foundations of Corporate Finance from the Chartered Institute for Securities (CISI) - United Kingdom.
Practical Experience	– CFO of Banan Real Estate Company from 2015G until now. – CFO of the Middle East Contracting Company (DCC) from 2014G to 2015G.

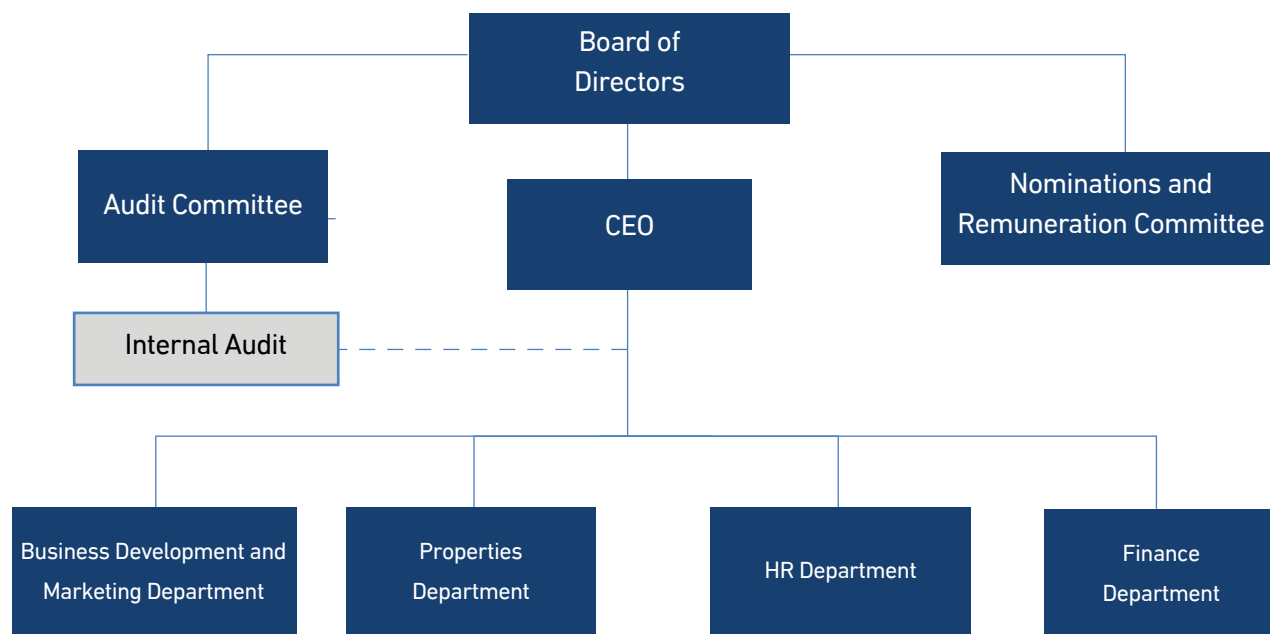
Source: Banan Real Estate Company





4-5 The Issuer's Organization Structure

The organizational structure was approved by the Board of Directors on 09/08/2023G, corresponding to 22/01/1445H. The following diagram shows the approved structure:



Source: Banan Real Estate Company

4-6 Manpower

As of 12/03/1446H (corresponding to 15/09/2024G), the number of employees at the Issuer was (25) male and female employees, including (10) Saudis and (15) non-Saudis. The Issuer was able to achieve a Saudization rate of 37% according to the Saudization program «**Nitaqat**», by which the Issuer was classified within the (low green) range. It is worth noting that the Issuer is committed to documenting employee contracts electronically via the «**Qiwa**» platform.

The Saudization program «**Nitaqat**» was approved pursuant to the Resolution of His Excellency 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 21/05/1415H (corresponding to 27/10/1994G), and the Nitaqat Program was implemented on 12/10/1432H (corresponding to 10/09/2011G). In implementation of Ministerial Resolution No. (182495) dated 15/11/1442H (corresponding to 25/06/2021G), Nitaqat program was developed into the «**Developer Nitaqat**» program, which adopted the integration of small and micro economic activities and included them with the rest of the economic activities and presented a fixed localization plan to improve the relationship between the number of employees and the percentage of nationalization in establishments.

The Ministry of Human Resources and Social Development implemented the program to encourage institutions to employ Saudi citizens. Through the program, the performance of any company is evaluated based on specific categories «**bands**» that include: the platinum band, the green band (divided into subcategories, i.e.: low category, medium category, and high category), and the red band. Companies that are within the platinum or green range are considered to have fulfilled the



Saudization requirements, and are therefore entitled to several benefits, such as enabling non-Saudi workers to obtain and renew work visas or change their professions (with the exception of professions designated exclusively for Saudi citizens). As for companies that are in the red zone, they are considered to have violated Saudization requirements, and may be subject to some penal measures, such as limiting their ability to renew work visas for non-Saudi employees or obtain new work visas.

4-7 Government approvals, licenses and certificates

The Issuer has obtained several statutory and operational licenses and certificates from the competent authorities. These licenses and certificates are renewed periodically, and the expired ones are under renewal according to the usual procedures. The members of the Board of Directors declare that the Issuer has obtained all necessary licenses and approvals to carry out its business and continue to do so, and that the expired ones are under renewal and that they are not aware of any issues that prevent renewal of the expired ones. The following tables show the current licenses and certificates obtained by the Issuer:

Table 12: Licenses and approvals obtained by the Issuer

S/N	Type of license	Purpose	License number	Issuance Date	Expiry date	Issuing Agency
1	VAT registration certificate	Collecting VAT from customers	300046395600003	31/01/2021G	NA	Zakat, Tax and Customs Authority
2	Commercial Registration	Issuer registration	1010207597	24/02/1426H	01/01/1450H	Ministry of Commerce
3	Zakat certificate	Enabling the Issuer to complete all its transactions, including paying its final dues in contracts	1022033068	14/09/1445H	02/11/1446H	Zakat, Tax and Customs Authority
4	Trademark registration certificate	Protecting the Issuer's trademark from infringement and preserving its rights	1442016890	28/05/1442H	27/05/1452H	Saudi Authority for Intellectual Property
			1445001719	13/01/1445H	12/01/1455H	
5	Chamber of Commerce Contribution Certificate	The Issuer contribution to the Chamber of Commerce and benefiting from its services	155312	03/04/2005G	25/05/2028G	Chamber of Commerce
6	FAL Brokerage and Marketing License	Enabling the Issuer to practice real estate brokerage and marketing activity	1200011462	29/01/2024G	29/01/2029G	General Authority for Real Estate
7	Field safety license	The Issuer's compliance with the preventive inspection requirements of the Safety Department at the General Directorate of Civil Defence	1-00126638-45	12/05/1445H	12/05/1446H	Ministry of Interior - Civil Defence Directorate
8	Field safety license	The Issuer's compliance with the preventive inspection requirements of the Safety Department at the General Directorate of Civil Defence	2-001262238-46	13/05/1446H	21/04/1447H	Ministry of Municipal and Rural Affairs and Housing - Balady Platform





S/N	Type of license	Purpose	License number	Issuance Date	Expiry date	Issuing Agency
9	Business license «Balady»	Enabling the entity to carry out its commercial activities	40021752946	21/04/1426H	21/04/1447H	Ministry of Municipal, Rural Affairs and Housing - Balady platform
10	Real estate developer qualification certificate	Enabling the Issuer to engage in real estate development activity	2136939848	08/04/2021G	NA	Ministry of Municipal, Rural Affairs and Housing - Developer Services Center «Etmam»
11	Membership certificate on the Ejar platform	Permitting him to practice real estate leasing activity	99671588	03/02/2021G	03/02/2025G	General Real Estate Authority - Ejar platform
12	Social Insurance Certificate	The Issuer's commitment to fulfill its obligations towards the General Organization for Social Insurance	73071783	15/09/2024G	14/10/2024G	General Organization for Social Insurance
13	Social Insurance Certificate	The Company shall submit for Zakat and income purposes a statement of wages for Saudi and non-Saudi subscribers registered with the Company	73071884	15/09/2024G	30/09/2024G	General Organization for Social Insurance
14	Nationalization Certificate	Statement of the localization percentage of the Issuer	660427-19839291	06/08/2024G	04/11/2024G	Ministry of Human Resources and Social Development
15	Certificate of Compliance with wage protection	The Issuer achieves the percentage of commitment to wage protection required by the Ministry of Human Resources and Social Development	698230 - 11670026	06/08/2024G	06/09/2024G	Ministry of Human Resources and Social Development
16	Certificate of Debts	Statement of the facility's debts that can be presented to the new owner upon transfer of ownership	210948-98562326	06/08/2024G	06/09/2024G	Ministry of Human Resources and Social Development
17	National address	Proof of the Facility Foundation	1055408704	15/09/2024G	14/03/2025G	Saudi Post - SPL

Source: Banan Real Estate Company

4-8 Insurance Cover

Table 13: Insurance Cover

S/N	Insurer	Insurer	Insurance Starting Date	Insurance expiry date	Value of insurance coverage	Type of Insurance
1	Tawuniya Insurance	Banan Real Estate Company	01/06/2024G	31/05/2025G	SAR 1,000,000	Health insurance for employees



S/N	Insurer	Insurer	Insurance Starting Date	Insurance expiry date	Value of insurance coverage	Type of Insurance
2	Al Rajhi Takaful Company	Banan Real Estate Company	04/07/2024G	03/07/2025G	SAR 163,913,389	Properties insurance from all dangers
3	Malath Insurance Company	Banan Real Estate Company	03/01/2024G	02/01/2025G	SAR 10,000,000	Motor insurance

Source: Banan Real Estate Company

4-9 Issuer's Branches

The Issuer does not have any branches.

4-10 Issuer's ownership in other companies

4-10-1 Al-Aziza Real Estate Development and Investment Company

Al-Aziza Investment and Real Estate Development Company is a closed joint stock company under commercial registration No. (1010288389) with a capital of (10,000,000) ten million Saudi riyals. Its activity is in the field of general construction of residential buildings and non-residential buildings such as schools, hospitals and hotels, and its management and supervision. Al-Aziza Investment and Real Estate Development Company is 46.04% owned by the Issuer as shown in the table below.

Table 14 : Ownership structure of Al-Aziza Real Estate Investment and Development Company

S/N	Shareholders	Ownership percentage	Number of shares	Shares value (in SAR)
1	Banan Real Estate Company, a public joint stock company.	46,04%	460,416	4,604,160
2	Bait Kamda Company	32.76%	327,608	3,276,080
3	Abdullah bin Abdulaziz Saleh Al Haqbani	3.75%	37,500	375,000
4	Abdul Mohsen bin Abdulaziz Al-Haqbani	3.75%	37,500	375,000
5	Badr bin Sulaiman Al-Haqbani	3.75%	37,499	374,990
6	Khalid bin Suleiman Al-Haqbani	3.75%	37,499	374,990
7	Al-Jawhara bint Mohammed Al-Shuwaier	2.66%	26,562	265,620
8	Hawar International Company	1.77%	17,708	177,080
9	Noura bint Salman Al-Haqbani	1.77%	17,708	177,080
Total		100%	1,000,000	10,000,000

Source: Banan Real Estate Company

4-10-2 United Financial House Company

United Financial House Company is a closed joint stock company under commercial registration No. (1010261112) with a capital of (15,000,000) fifteen million Saudi riyals. Its activity is dealing as principal, management and custody of securities business. United Financial House Company is 9.52% owned by the Issuer, as shown in the table below:





Table 15: Details of the Issuer's ownership in the United Financial House Company

S/N	Shareholders	Ownership percentage	Number of shares	Shares value
1	Banan Real Estate Company	9,52%	142,857	1,428,571

Source: Banan Real Estate Company

4-11 Joint projects and investments

4-11-1 Joint project - Badia Building

On January 21, 2018, the Issuer invested in a joint project with one of the shareholders, with an ownership percentage of 50% of the total project, which is a residential real estate project established in the Al-Badi'ah neighborhood in the city of Riyadh.

4-11-2 Joint project - shopping center, Block 14

On November 1, 2019, the Issuer invested in a joint project with an investor, with an ownership percentage of 51% of the total project, which is a commercial center in the northern Al-Ma'athar neighborhood in the city of Riyadh. Construction was completed in 2022G and operation began in October 2022G.

4-12 Contracts with Related Parties

When concluding contracts and agreements with related parties, the Issuer is committed to ensuring that all transactions are on a purely commercial competitive basis that guarantees the rights of shareholders and does not include any preferential conditions or benefits. The Issuer and the members of its Board of Directors confirm their commitment to the restrictions of the Companies Law and the Corporate Governance Regulations for dealings with related parties. Related to these contracts, a number of (49) transactions involving a conflict of interest for a member of the Issuer's Board of Directors were voted on in the Ordinary General Assembly held on 16/10/1445H (corresponding to 24/04/2024G), (5) of which were related to the Issuer and (44) related to the Subsidiary (Al-Aziza Real Estate Investment and Development Company). The Board of Directors, in its meeting held on 15/03/1446H (corresponding to 18/09/2024G), approved (11) transactions related to the subsidiary company that involve a conflict of interest for one of the members of the issuer's board of directors and one of the Substantial Shareholders.

Following is a summary of the existing contracts with related parties:

Table 16: The Issuer's outstanding contracts with related parties

Lease Contract	
Parties	Issuer and International Hotels Company
Description of the Agreement	It is a rental contract for the Voyage Hotel in the Umm Al-Hamam neighbourhood, owned by Banan Real Estate Company, for the benefit of the International Hotels Company
Beginning of the Agreement	01 January 2024G



End of the Agreement	31 December 2028G
Value of the Agreement	(23,000,000) Twenty-three million Saudi riyals
Payment Mechanism	Semi-annually payment through the real estate broker/lessor or electronic payment through available payment channels
Nature of the relationship with the related party	The Chairman of the Board of Directors / Abdul Mohsen Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal Mohammed Al-Haqbani and Ahmed Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Assignment	The tenant has the right to rent out a portion of the rental unit space after obtaining the Issuer's approval
Disputes	In the event of a dispute occurring between the two parties regarding the interpretation or implementation of this contract, or any of its provisions, the two parties may resolve it amicably within (15) days from the outbreak of the dispute or through an approved party in the Kingdom of Saudi Arabia.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Lease Contract

Parties	Issuer and International Hotels Company
Description of the Agreement	It is a rental contract for a furnished apartment building in the Sulaymaniyah district owned by Banan Real Estate Company for the benefit of the International Hotels Company
Beginning of the Agreement	01 January 2022G
End of the Agreement	31 December 2026G
Value of the Agreement	(11,500,000) eleven million five hundred thousand Saudi riyals
Payment Mechanism	Semi-annually payment through the real estate broker/lessor or electronic payment through available payment channels
Nature of the relationship with the related party	The Chairman of the Board of Directors / Abdul Mohsen Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal Mohammed Al-Haqbani and Ahmed Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Assignment	No provisions regulating this were mentioned in the agreement
Disputes	In the event of a dispute occurring between the two parties regarding the interpretation or implementation of this contract, or any of its provisions, the two parties may resolve it amicably within (15) days from the outbreak of the dispute or through an approved party in the Kingdom of Saudi Arabia.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Source: Banan Real Estate Company

4-13 Financing agreements with commercial banks

Following is a summary of the financing agreements concluded by the Issuer and existing as of the date of this Document:

Table 17: Financing Agreement with Riyadh Bank

Financing Agreement with Riyadh Bank	
Date of the Agreement	21/12/2022G
Borrower	The Issuer





Type of Facility/ Loan	Islamic financing agreement - long-term line of credit
Duration	Until 27/12/2027G
Value of facilities	SAR 29,800,000
Profit margin/commission	SIBOR +1.75%
Security Documents	- Real estate mortgage - A promissory note amounting to (85,082,000 riyals) for all agreements signed with Riyad Bank.

Financing Agreement with Riyad Bank

Date of the Agreement	17/11/2021G
Borrower	The Issuer
Type of Facility/ Loan	Islamic financing agreement - long-term credit line
Duration	Until 27/12/2027G
Value of facilities	SAR 13,572,000
Profit margin/commission	SIBOR +1.75%
Security Documents	- Real estate mortgage - A promissory note amounting to (85,082,000 riyals) for all agreements signed with Riyad Bank.

Facilities agreement with Riyad Bank

Date of the Agreement	17/11/2021G
Borrower	The Issuer
Type of Facility/ Loan	Islamic financing agreement - Short-term credit line
Duration	Until 27/12/2027G
Value of facilities	SAR 7,500,000
Profit margin/commission	SIBOR +1.5%
Security Documents	- A promissory note amounting to (85,082,000 riyals) for all agreements signed with Riyad Bank.

Facilities agreement with Riyad Bank

Date of the Agreement	29/12/2020G
Borrower	The Issuer
Type of Facility/ Loan	Islamic financing agreement - Long-term credit line
Duration	Until 27/12/2027G
Value of facilities	SAR 16,475,000
Profit margin/commission	SIBOR +1.75%
Security Documents	- Real estate mortgage - A promissory note amounting to (85,082,000 riyals) for all agreements signed with Riyad Bank.

Facilities agreement with Riyad Bank

Date of the Agreement	29/12/2020 G
Borrower	The Issuer
Type of Facility/ Loan	Islamic financing agreement - long-term credit line



Duration	Until 27/12/2027G
Value of facilities	SAR 3,901,000
Profit margin/commission	SIBOR +2.0%
Security Documents	- Real estate mortgage - A promissory note amounting to (85,082,000 riyals) for all agreements signed with Riyadh Bank.

Facilities agreement with Riyadh Bank

Date of the Agreement	17/11/2021G
Borrower	The Issuer
Type of Facility/ Loan	Islamic financing agreement - long-term credit line
Duration	Until 27/12/2027G
Value of facilities	SAR 7,143,000
Profit margin/commission	SIBOR +1.75%
Security Documents	- Real estate mortgage - A promissory note amounting to (85,082,000 riyals) for all agreements signed with Riyadh Bank.

Facilities agreement with Riyadh Bank

Date of the Agreement	17/11/2021G
Borrower	The Issuer
Type of Facility/ Loan	Islamic financing agreement - Short-term credit line
Duration	Until 27/12/2027G
Value of facilities	SAR 1,000,000
Profit margin/commission	SIBOR + 1,5%
Security Documents	- A promissory note amounting to (85,082,000 riyals) for all agreements signed with Riyadh Bank.

Facilities agreement with Riyadh Bank

Date of the Agreement	17/11/2021G
Borrower	The Issuer
Type of Facility/ Loan	Islamic financing agreement - Short-term credit line (credit cards)
Duration	Until 27/12/2027G
Value of facilities	SAR 60,000
Profit margin/commission	SIBOR +1.5%
Security Documents	- A promissory note amounting to (85,082,000 riyals) for all agreements signed with Riyadh Bank.

Islamic financing agreement with Riyadh Bank

Date of the Agreement	06/08/2024G
Borrower	The Issuer
Type of Facility/ Loan	Islamic financing agreement





Duration	Until 06/08/2029G
Value of facilities	SAR 50,000,000
Profit margin/commission	SIBOR +1.5%
Security Documents	- Real estate mortgage - Promissory note worth (68,750,000) Saudi riyals - Assignment of the entire rental value in favour of the bank resulting from the lease contract signed with the International Hotels Company, for the period from 31/01/2024G to 31/12/2026G, by the tenant depositing the rental value in a trust account with the bank.

Source: Banan Real Estate Company

4-14 Material Agreements

The Issuer has concluded a number of material agreements with several parties, all for the purpose of renting real estate owned by the Issuer. The following is a summary of the material agreements concluded by the Issuer:

Table 18: Substantive agreements

Lease Contract	
Parties	Issuer and Client No. 1
Description of the Agreement	Commercial lease contract in Riyadh
Term of agreement	Five years starting from 10/11/2023G until 15/09/2028G
Value of the Agreement	SAR 62,017,143
Payment Mechanism	Payment through the real estate broker/lessor or electronic payment through the available payment channels according to the tenant's choice.
Assignment	No provisions regulating this were mentioned in the agreement.
Disputes	In the event of a dispute occurring between the two parties regarding the interpretation or implementation of this contract, or any of its provisions, the two parties may resolve it amicably within (15) days from the outbreak of the dispute or through an approved party in the Kingdom of Saudi Arabia.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.
Lease Contract	
Parties	Issuer and International Hotels Company
Description of the Agreement	Commercial lease contract in Riyadh
Term of agreement	Five years starting from 01/01/2024G until 31/12/2028G
Value of the Agreement	SAR 23,000,000
Payment Mechanism	Semi-annually payment through the real estate broker/lessor or electronic payment through available payment channels.
Assignment	The tenant has the right to rent part of the rental unit area described in Clause No. (9) after the approval of the Issuer.
Disputes	In the event of a dispute occurring between the two parties regarding the interpretation or implementation of this contract, or any of its provisions, the two parties may resolve it amicably within (15) days from the outbreak of the dispute or through an approved party in the Kingdom of Saudi Arabia.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.



Lease Contract

Parties	Issuer and Client No. 2
Description of the Agreement	Commercial lease contract in Riyadh
Term of agreement	Four years starting from 27/01/2024G until 01/12/2028G
Value of the Agreement	SAR 17,500,000
Payment Mechanism	Through one of the electronic payment methods approved in the network according to the tenant's choice of payment.
Assignment	No provisions regulating this were mentioned in the agreement.
Disputes	In the event of a dispute occurring between the two parties regarding the interpretation or implementation of this contract, or any of its provisions, the two parties may resolve it amicably within (15) days from the outbreak of the dispute or through an approved party in the Kingdom of Saudi Arabia.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Lease Contract

Parties	Issuer and International Hotels Company
Description of the Agreement	Commercial lease contract in Riyadh
Term of agreement	Five years starting from 01/01/2022G until 31/12/2026G
Value of the Agreement	SAR 11,500,000
Payment Mechanism	Semi-annually payment through the real estate broker/lessor or electronic payment through available payment channels.
Assignment	No provisions regulating this were mentioned in the agreement.
Disputes	In the event of a dispute occurring between the two parties regarding the interpretation or implementation of this contract, or any of its provisions, the two parties may resolve it amicably within (15) days from the outbreak of the dispute or through an approved party in the Kingdom of Saudi Arabia.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Lease Contract

Parties	Issuer and Client No. 3
Description of the Agreement	Commercial lease contract in Riyadh
Term of agreement	Fifteen Gregorian years starting from 01/07/2019G, and after the end of the original contract period of (15 years), the contract is automatically renewed for an additional period of (5) years, the value of which is calculated according to the market value at the time; if the tenant does not notify the landlord of his desire not to renew (6) months before the expiration date.
Value of the Agreement	SAR 21,891,600
Payment Mechanism	One annual payment within a period of 10 days from the beginning of each rental year.
Assignment	The lessee does not have the right to assign or assign the leased property to others except after obtaining the written approval of the Issuer or his representative.
Disputes	In the event of a dispute in the interpretation of any clause of this contract or its implementation between the two parties, it will be resolved amicably. In the event that a solution is not reached, recourse will be made to the judicial authorities in the city of Riyadh.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Joint venture agreement

Parties	Issuer and Mr. Mohammed bin Abdulaziz bin Saleh Al-Haqbani





Description of the Agreement	Since the two parties to the contract owned a residential building in the Badiyah neighborhood in the city of Riyadh equally, it was agreed that the Issuer would manage and supervise the property, rent and collect, maintain, guard, and clean.
Term of agreement	Five Gregorian years from 01/07/2021G to 30/06/2026G. The contract will be renewed for another period or periods unless one of parties informs the other party of its desire not to renew it 3 months before the end of the original or renewed agreement period.
Value of the Agreement	According to the Issuer's participation rate in the project (50%) of the total project
Payment Mechanism	2,500 riyals are deducted monthly from the proceeds of Mr. Mohammed Abdulaziz Saleh Al-Haqbani, which is the value of administrative supervision and follow-up of the property, and the rest of the income is divided according to the percentage of the Issuer's participation in the project.
Assignment	No provisions regulating this were mentioned in the agreement.
Disputes	The party who sustained the damage has the right to terminate the agreement if the other party breaches any of its obligations arising from this agreement, after the breaching party has been notified by the damaged party by letter sent to the national address, or by mail, fax, e-mail, or by text message over the phone, or by hand delivery at the due date, if the party who was warned does not commit within (15) days from the date of its warning to perform its obligation, or remove the damage resulting from it.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Joint venture agreement

Parties	Issuer, Mrs. Al-Jawhara bint Mohammed Al-Shuwaier, and Mr. Abdulaziz bin Sulaiman Al-Haqbani
Description of the Agreement	Since the two parties to the contract owned a commercial building as a real estate investment project on two plots of land, one owned by the company and the other by the contracting parties in the northern Al-Ma'athar neighbourhood in the city of Riyadh, it was agreed that the Issuer would manage and supervise the property, rent and collect, maintenance, guarding, and cleaning.
Term of agreement	Five Gregorian years from 01/07/2022G to 30/06/2027G. The contract will be renewed for another period or periods unless one of parties informs the other party of its desire not to renew it 3 months before the end of the original or renewed agreement period.
Value of the Agreement	According to the Issuer's participation in the project, at a rate of (51%) of the total project
Payment Mechanism	5% of the net revenues are deducted from the proceeds of Mrs. Al-Jawhara bint Mohammed Al-Shuwaier and Mr. Abdulaziz bin Sulaiman Al-Haqbani, which is the value of administrative supervision and follow-up of the property, and the rest of the income is divided according to the Issuer's percentage of participation in the project.
Assignment	No provisions regulating this were mentioned in the agreement.
Disputes	The party who sustained the damage has the right to terminate the agreement if the other party breaches any of its obligations arising from this agreement, after the breaching party has been notified by the damaged party by letter sent to the national address, or by mail, fax, e-mail, or by text message over the phone, or by hand delivery at the due date, if the party who was warned does not commit within (15) days from the date of its warning to perform its obligation, or remove the damage resulting from it.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Lease Contract

Parties	Issuer and Client No. 3
Description of the Agreement	Commercial lease contract in Riyadh
Term of agreement	Fifteen Gregorian years starting from 01/01/2020G, and after the end of the original contract period of (15 years), the contract is automatically renewed for an additional period of (5) years, the value of which is calculated according to the market value at the time; if the tenant does not notify the landlord of his desire not to renew (6) months before the expiration date.



Value of the Agreement	SAR 10,800,000
Payment Mechanism	One annual payment within a period of 10 days from the beginning of each rental year
Assignment	The lessee does not have the right to assign or assign the leased property to others except after obtaining the written approval of the Issuer or his representative.
Disputes	In the event of a dispute in the interpretation of any clause of this contract or its implementation between the two parties, it will be resolved amicably. In the event that a solution is not reached, recourse will be made to the judicial authorities in the city of Riyadh.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Lease Contract

Parties	Issuer and Client No. 4
Description of the Agreement	Commercial lease contract in Riyadh
Term of agreement	Twelve years starting from 17/12/2022G until 16/12/2034G
Value of the Agreement	SAR 7,708,500
Payment Mechanism	Semi-annually payment through the real estate broker/lessor or electronic payment through available payment channels.
Assignment	No provisions regulating this were mentioned in the agreement.
Disputes	In the event of a dispute occurring between the two parties regarding the interpretation or implementation of this contract, or any of its provisions, the two parties may resolve it amicably within (15) days from the outbreak of the dispute or through an approved party in the Kingdom of Saudi Arabia.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Lease Contract

Parties	Issuer and Client No. 5
Description of the Agreement	Commercial lease contract in Riyadh
Term of agreement	Four years starting from 15/12/2022G until 14/12/2026G
Value of the Agreement	SAR 5,326,000
Payment Mechanism	Semi-annually payment through the real estate broker/lessor or electronic payment through available payment channels.
Assignment	No provisions regulating this were mentioned in the agreement.
Disputes	In the event of a dispute occurring between the two parties regarding the interpretation or implementation of this contract, or any of its provisions, the two parties may resolve it amicably within (15) days from the outbreak of the dispute or through an approved party in the Kingdom of Saudi Arabia.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Market Maker Services Agreement

Parties	Issuer and Al Rajhi Capital Company*
Description of the Agreement	Agreement to provide market maker services for the benefit of the Issuer
Term of agreement	One year starting from 09/06/2024G until 08/06/2025G
Value of the Agreement	828,000 riyals for the full duration + monthly variable fees at a rate of (1 basis point) of the volume of trades carried out by the market maker in that month.
Payment Mechanism	Monthly





Assignment	None of the parties shall have the right to assign the benefits of this agreement, except to the legal successors after a merger or acquisition.
Disputes	In the event of a dispute between the parties regarding the interpretation or implementation of this agreement, or any of its provisions, it shall be resolved amicably, and if the dispute is not resolved amicably within (30) days from the date of notification, the dispute shall be resolved by the General Secretariat of the Securities Disputes Resolution Committees in the Kingdom of Saudi Arabia.
Applicable Law	Laws and Regulations of the Kingdom of Saudi Arabia.

Source: Banan Real Estate Company

Note: Customers are referred to by different numbers with each number referring to a specific customer where applicable in the document.

* Based on reviewing the agreement by the Issuer's Legal Advisor from a legal point of view, it became clear to us that the Issuer did not purchase any shares directly and there are no shares registered in the name of the Issuer, and that the shares referred to in the financial statements are shares purchased by Al Rajhi Capital Company under the market maker agreement with the aim of supporting liquidity in share trading. All shares will be liquidated by Al Rajhi Capital Company upon the expiration of the market maker agreement. This means that the Issuer will not own these shares directly, and the market maker regulations issued by the Capital Market Authority pursuant to Capital Market Authority Board Resolution No. 2022-98-1 dated 14/09/2022G defined the market maker activity as follows: «**Providing continuous orders to buy and sell a listed security during the open market session for the purpose of providing liquidity for the relevant listed security, in accordance with the market making procedures and the provisions of the market making agreement.**» Paragraph (a) of Article 8 of the Market Maker Regulations states the following: «**Obligations of the Market Maker: A. The Market Maker must assign a Depository Centre Account (where applicable) and a CCP account limited to conducting Market Making activities on a specific security or specific securities in accordance with a Market Making agreement.**». Paragraph (e) of the same article states the following: «**The Market Maker shall be responsible for all actions during the conducting of its relevant Market Making activities.**». Based on the above, it appears that the market maker's activities are not considered treasury shares stipulated in the Companies Law and its implementing regulations, as Al Rajhi Capital's ownership of the Issuer's shares was for purposes different from treasury shares and is governed by the Market Maker Regulations issued by the Capital Market Authority..

4-15 Real Estates

Banan Real Estate Company owns ten (10) instruments issued by the Notary Public in the city of Riyadh, including five (5) instruments mortgaged in favor of Riyadh Bank against obtaining credit facilities.

Below is a list of the details of the Title deeds owned by the Issuer and their most important details:

Table 19: Details of title deeds owned by the Issuer

S/N	Instrument No	Instrument date	Property area	Ownership (%)	Note	Foreclosure date
1	910104051514	22/05/1442H	(2,722 m2)	50%	None	N/A
2	710125031927	22/05/1442H	(1,380 m2)	100%	None	N/A
3	317819003386	23/09/1442H	(3,850 m2)	100%	Mortgaged in favor of Riyadh Bank for an amount of (16,441,000) riyals	23/09/1442H
4	310111058961	22/05/1442H	(2,826 m2)	100%	None	N/A
5	693533002079	01/05/1443H	(2,000 m2)	100%	Mortgaged in favor of Riyadh Bank for an amount of (10,000,000) riyals	01/05/1443H
6	810104051515	22/05/1442H	(725 m2)	100%	None	N/A
7	317824002036	21/09/1442H	(2,416 m2)	100%	Mortgaged in favor of Riyadh Bank for an amount of (20,471,000) riyals	21/09/1442H



S/N	Instrument No	Instrument date	Property area	Ownership (%)	Note	Foreclosure date
8	793533004358	27/08/1444H	(3,252 m2)	100%	Mortgaged in favor of Riyadh Bank for an amount of (29,800,000) riyals	27/08/1444H
9	993533002269	27/06/1443H	(2,375 m2)	100%	Mortgaged in favor of Riyadh Bank for an amount of (15,000,000) riyals	27/06/1443H
10	393533002113	16/05/1443H	(6,400 m2)	100%	None	N/A

Source: Banan Real Estate Company

4-16 Lease Contracts

The Issuer conducts its activity based on real estate activities, investment and development therein. The Issuer has concluded several lease contracts with other parties for the purpose of conducting its real estate activity in the properties it owns and which are under its supervision and management. The Issuer has concluded (120) lease contracts in its capacity as a lessor, and the Subsidiary (Al-Aziza Real Estate Investment and Development Company) has concluded (217) lease contracts in its capacity as a lessor.

Below is a list of the largest (20) lease contracts in force for sites owned by the Issuer or supervised and under its management, and their most prominent details:

Table 20: Valid and renewed lease contracts for the locations occupied by the Issuer

S/N	lessor	Tenant	Location	Type of use of the property	Rental term and renewal mechanism	Annual rent value (SAR)
1	The Issuer	Client (Customer) No. 1	Riyadh	Commercial	10/11/2023G - 15/09/2028G It is automatically renewed unless a notifies the other party of its desire to terminate the contract (90) days before expiration date of the lease period.	62,017,143
2	The Issuer	International Hotels Company	Riyadh	Commercial	01/01/2024G - 31/12/2028G The contract ends at the end of its term	23,000,000
3	The Issuer	Client (Customer) No. 2	Riyadh	Commercial	27/01/2024G - 01/12/2028G It is automatically renewed unless either party notifies the other 60 days before the end of the contract period	17,500,000
4	The Issuer	International Hotels Company	Riyadh	Commercial	01/01/2022G - 31/12/2026G The contract ends at the end of its term	11,500,000
5	The Issuer	Client (Customer) No. 4	Riyadh	Commercial	17/12/2022G - 16/12/2034G The contract ends at the end of its term	7,708,500
6	The Issuer	Client (Customer) No. 5	Riyadh	Commercial	15/12/2022G - 14/12/2026G It is automatically renewed for 3 years	5,326,000
7	The Issuer	Client (Customer) No. 6	Riyadh	Commercial	03/06/2021G - 02/06/2026G The contract ends at the end of its term	3,136,250





S/N	lessor	Tenant	Location	Type of use of the property	Rental term and renewal mechanism	Annual rent value (SAR)
8	The Issuer	Client (Customer) No. 7	Riyadh	Commercial	01/05/2021G - 30/04/2031G The contract ends at the end of its term	3,018,750
9	The Issuer	Client (Customer) No. 8	Riyadh	Commercial	09/02/2023G - 08/02/2025G The contract ends at the end of its term	2,691,584
10	The Issuer	Client (Customer) No. 9	Riyadh	Commercial	01/12/2022G - 30/11/2025G The contract ends at the end of its term	2,567,502
11	The Issuer	Client (Customer) No. 3	Riyadh	Commercial	01/07/2019G - 30/06/2034G After the end of the original contract period of (15 years), the contract is automatically renewed for an additional period of (5) years, the value of which is calculated according to the market value at the time. This is all if the tenant does not notify the landlord of his desire not to renew (6) months before the expiration date	21,891,600
12	The Issuer	Client (Customer) No. 10	Riyadh	Commercial	01/01/2023G - 31/12/2025G The contract ends at the end of its term	2,147,211
13	The Issuer	Client (Customer) No. 11	Riyadh	Commercial	01/12/2022G - 30/11/2025G The contract ends at the end of its term	1,910,166
14	The Issuer	Client (Customer) No. 12	Riyadh	Commercial	01/09/2022G - 31/08/2026G The contract ends at the end of its term	1,894,972
15	The Issuer	Client (Customer) No. 13	Riyadh	Commercial	01/01/2023G - 31/12/2025G The contract ends at the end of its term	1,747,509
16	The Issuer	Client (Customer) No. 14	Riyadh	Commercial	15/04/2023G - 14/04/2026G The contract ends at the end of its term	1,440,945
17	The Issuer	Client (Customer) No. 15	Riyadh	Commercial	02/07/2023G - 01/07/2026G The contract ends at the end of its term	1,424,340
18	The Issuer	Client (Customer) No. 16	Riyadh	Commercial	29/05/2022G - 28/05/2025G The contract ends at the end of its term	1,422,881
19	The Issuer	Client (Customer) No. 17	Riyadh	Commercial	01/11/2023G - 31/10/2025G The contract ends at the end of its term	924,222
20	The Issuer	Client (Customer) No. 18	Riyadh	Commercial	12/06/2024G - 11/06/2027G The contract ends at the end of its term	2,096,289

Source: Banan Real Estate Company

Note: Customers are referred to by different numbers with each number referring to a specific customer where applicable in the document.



Following is a list of contracts in which the Issuer is a lessee:

Table 21: Valid and renewed lease contracts for the locations occupied by the lessee

S/N	lessor	Tenant	City	Type of use of the property	Rental term and renewal mechanism	Total rental value (SAR)
1	Banan Real Estate Company, Mrs. Al-Jawhara Al-Shuwaier, and Mr. Abdulaziz Al-Haqbani	Issuer	Riyadh	Commercial	01/01/2023G - 01/01/2024G It is renewed automatically unless one of the parties notifies the other of its unwillingness to renew. The contract was automatically extended based on neither party being notified of its desire not to renew, and accordingly the contract continues with the same terms and conditions.	264,600

Source: Banan Real Estate Company

4-17 Trademarks and Property Rights

The Issuer protected its intellectual property by registering its trademark in order to be able to maintain its reputation and the strength of its name and brand in the market and among competitors. The following is a table showing the Issuer's registered trademarks:

Table 22: Issuer's trademarks details

S/N	Registration No	Owner's Name	Category	Protection date	Country of registration	Trademark
1	1442016890	Banan Real Estate Company, a joint stock company	36	28/05/1442H - 27/05/1452H	Kingdom of Saudi Arabia	
2	1445001719	Banan Real Estate Company, a public joint stock company.	36	13/01/1445H - 12/01/1455H	Kingdom of Saudi Arabia	

Source: Banan Real Estate Company

4-18 Disputes and Lawsuits

There are (27) lawsuits filed by the Issuer and one lawsuit filed by its Subsidiary against some tenants as of the date of this Document, most of which are execution requests against the defendants to pay the rent payments due from them or to vacate the commercial or residential units related to the breach of the lease contract and non-payment of the due payments. The total value of the financial claims arising from these lawsuits in favor of the Issuer amounted to approximately 3.5 million Saudi Riyals as of the date of this Document.

The members of the Board of Directors of the Issuer Declare that they are not subject to any lawsuits or legal procedures that may individually or in their entirety materially affect the business of the Issuer or its Subsidiary or their financial position.





Except as stated below, the Issuer declares that it is not a party to any material lawsuit, claim or arbitration that would materially affect its business or the business of its Subsidiary and their financial position. The table below shows the details of the lawsuits to which the Issuer is a party as of the date of this Document, which arose in the normal course of the Issuer's business.

Table 23: Issuer disputes and lawsuits

#	Status of the Issuer in the lawsuit	Dispute summary	Condition	Claims
1	Enforcement requester	The Issuer registered the enforcement order that includes obligating the « executor » to pay an amount of (236,872) two hundred and thirty-six thousand eight hundred and seventy-two riyals in exchange for the first payment of the lease contract. The department issued its decision to apply Article (46) against the perpetrator.	Underway	Property rent amount: SAR 236,872
2	Enforcement requester	The Issuer registered the enforcement order that includes obligating the « executor » to pay an amount of (236,872) two hundred and thirty-six thousand eight hundred and seventy riyals in exchange for the first payment of the lease contract. The department issued its decision to apply Article (46) against the perpetrator.	Underway	Property rent amount: SAR 236,872
3	Enforcement requester	The Issuer limited his claim to obliging the « executor » to pay an amount of: (SAR 8802) eight thousand eight hundred and two riyals, according to the promissory note issued on 03/05/2023G. The Enforcement Department issued a decision obligating the defendant to pay an amount of (8,802) eight thousand and eight hundred and two riyals, and the Department issued its decision to apply Article (46) against the defendant, and an amount of (538) of the total amount due was paid.	Underway	Promissory note amount: 8,802 riyals, and an amount of 538 riyals was paid out of the total amount due.
4	Enforcement requester	The Issuer filed a lawsuit against the « defendant » to vacate Showroom No. 10, located on the ground floor located in the Plaza 46 commercial complex, which is owned in the Plaza 46 complex, due to her breach of the lease contract and non-payment of the payments due. The final ruling was issued to vacate the property, and an enforcement request was filed with the Execution Court in Riyadh.	Underway	Evacuate a property
5	Enforcement requester	The Issuer registered the enforcement request that includes obligating the « executor » to pay an amount of (165,502) one hundred and sixty-five thousand five hundred and two riyals, for the third instalment of the lease contract. The Enforcement Department issued a decision obligating the defendant to pay an amount of (165,502) one hundred sixty-five thousand five hundred and two riyals. The department issued its decision to apply Article (46) against the perpetrator.	Underway	Down payment amount of the contract: SAR 165,502
6	Enforcement requester	The Issuer registered the enforcement request that includes obligating the « executor » to pay an amount of (165,502) one hundred and sixty-five thousand five hundred and two riyals, for the second instalment of the lease contract. The Enforcement Department issued a decision obligating the defendant to pay an amount of (165,502) one hundred and sixty-five thousand five hundred and two riyals. The department issued its decision to apply Article (46) against the perpetrator.	Underway	Amount of the second instalment of the contract: SAR 165,502



#	Status of the Issuer in the lawsuit	Dispute summary	Condition	Claims
7	Enforcement requester	The Issuer registered the implementation request that includes obligating the «executor» to pay an amount of (309,862) three hundred and nine thousand eight hundred and sixty-two riyals, for the remainder of the third instalment of contract No.: (20744520790). The Enforcement Department issued a decision obliging the defendant to pay an amount of (309,862) three hundred and nine thousand eight hundred and sixty-two riyals. The department issued its decision to apply Article (46) against the perpetrator.	Underway	Value of the property rent is: SAR 309,862
8	Enforcement requester	The Issuer registered the implementation request that includes obligating the «executor» to pay an amount of (313,625) three hundred and thirteen thousand six hundred and twenty-five riyals, for the remainder of the value of the fourth instalment of the lease contract. The Enforcement Department issued a decision obliging the defendant to pay an amount of (313,625) three hundred and thirteen thousand six hundred and twenty-five riyals. The department issued its decision to apply Article (46) against the perpetrator.	Underway	The remaining amount of the fourth instalment of the contract: SAR 311,764
9	Enforcement requester	The Issuer has registered the execution request that includes obligating the «executor» to pay an amount of (120,534) one hundred and twenty thousand five hundred thirty-four. This is in exchange for the third instalment of the lease contract. The department issued its decision to apply Article (46) against the perpetrator.	Underway	Value of the property rent SAR 120,534
10	Enforcement requester	The Issuer registered the execution request, which included obligating the «executor» to pay an amount of (120,534) one hundred and twenty thousand, five hundred and thirty-four riyals and thirty-eight halalas, in exchange for the fourth instalment of the lease contract, of which an amount of (12,533) twelve thousand, five hundred and thirty-three riyals was paid. The department issued its decision to apply Article (46) against the executor.	Underway	Value of the property rent SAR 108,001
11	Enforcement requester	The Issuer registered the implementation request that includes obligating the «executor» to pay an amount of (236,872) two hundred and thirty-six thousand eight hundred and seventy-two riyals in exchange for the third instalment of the lease contract. The department issued its decision to apply Article (46) against the perpetrator.	Underway	Value of the property rent SAR 236,872
12	Enforcement requester	The Issuer registered the enforcement request that includes obligating the «executor» to pay an amount of (165,502) one hundred and sixty-five thousand five hundred and two riyals, for the third instalment of the lease contract. The Enforcement Department issued a decision obligating the defendant to pay an amount of (165,502) one hundred and sixty-five thousand five hundred and two riyals. The department issued its decision to apply Article (46) against the perpetrator.	Underway	Amount of the third instalment of the contract: SAR 165,502





#	Status of the Issuer in the lawsuit	Dispute summary	Condition	Claims
13	Enforcement requester	The Issuer registered the Enforcement request that includes obligating the « executor » to pay an amount of (313,625) three hundred and thirteen thousand six hundred and twenty-five riyals, for the value of the fifth instalment of the lease contract. The department issued its decision to apply Article (46) against the perpetrator.	Underway	Value of the property rent SAR 313,625
14	Plaintiff	The Issuer filed a lawsuit against the « defendant » to vacate Showroom No. 12, located on the ground and first floor of Plaza 46 complex, due to her breach of the lease contract and non-payment of the payments owed to her, and the lawsuit is still under review.	A preliminary ruling was issued	Evacuate a property
15	Plaintiff	The Issuer filed a lawsuit against the « defendant » demanding payment of the amount awarded by instrument No. (45301094402) issued by the Eighth Circuit of the General Court, to implement a judgment in compensation resulting from the original lawsuit.	Under consideration	Payment of the amount sentenced to instrument No. (45301094402) issued by the eighth district of the General Court.
16	Enforcement requester	The Issuer registered an enforcement request against the « defendant » to vacate the property due to the expiration of the lease term.	Underway	Evacuate a property
17	Enforcement requester	The Issuer registered an enforcement request against the defendant to vacate the property due to the expiration of the lease term.	Underway	Evacuate a property
18	Execution applicant	The Issuer filed an execution request obligating the « Executor » to pay an amount of (149,500) one hundred and forty-nine thousand and five hundred riyals, for the value of the fourth instalment of the lease contract. The department issued its decision to apply Article (46) against the Executor.	Underway	Fourth instalment amount of the contract: 149,500 riyals
19	Execution applicant	The Issuer filed an execution request obligating the « Executor » to pay an amount of (134,998) one hundred and thirty-four thousand and nine hundred ninety-eight riyals, for the value of the sixth instalment of the lease contract. The department issued its decision to apply Article (46) against the Executor.	Underway	Sixth instalment amount of the contract: 134,998 riyals
20	Execution applicant	The Issuer filed an execution request obligating the « Executor » to pay an amount of (134,998) one hundred and thirty four thousand and nine hundred ninety eight riyals, for the value of the seventh instalment of the lease contract. The department issued its decision to apply Article (46) against the Executor.	Underway	Seventh instalment amount of the contract: 134,998 riyals
21	Plaintiff	The Issuer filed a request to obligate the « defendant » to vacate the rented property.	Initial judgment issued	Evacuation of a property
22	Plaintiff	The Issuer filed a request to obligate the « defendant » to terminate the contract and vacate the rented property.	Under consideration	Evacuation of a property
23	Execution applicant	The Issuer filed a request to execute the judgment obligating the « Executor » to pay an amount of (150,937) one hundred and fifty thousand, nine hundred and thirty-seven riyals, for the value of the sixth instalment of the lease contract.	Under review	Sixth instalment amount of the contract: 150,937 riyals
24	Execution applicant	The Issuer filed a request to execute the judgment obligating the « Executor » to pay an amount of (150,937) one hundred and fifty thousand, nine hundred and thirty-seven riyals, for the value of the seventh instalment of the lease contract.	Under review	Seventh instalment amount of the contract: 150,937 riyals



#	Status of the Issuer in the lawsuit	Dispute summary	Condition	Claims
25	Execution applicant	The Issuer filed a request to execute the judgment obligating the « Executor » to pay an amount of (139,819) one hundred and thirty-nine thousand and eight hundred nineteen riyals, for the value of the eighth instalment of the lease contract.	Under review	Eighth instalment amount of the contract: 139,819 riyals
26	Plaintiff	The Issuer filed a request to obligate the « defendant » to hand over the documents represented by the financial statements to determine the rent due to the Issuer by calculating the agreed percentage of sales with the tenant.	Under settlement	Demanding documents represented by the tenant's audited financial statements.
27	Enforcement requester	The Issuer filed an execution request obligating the « executor » to pay an amount of (236,872) two hundred and thirty-six thousand and eight hundred and seventy-two riyals in exchange for the fourth instalment of the lease contract. The department issued its decision to apply Article (46) against the executor.	Underway	Property rent value of 236,872 riyals

Source: Banan Real Estate Company

4-19 Declarations of the Board of Directors relating to legal information

Members of the Board of Directors declare that:

- 1- The transfer does not constitute a breach of any contract/agreement entered into by the issuer.
- 2- All material legal issues concerning the issuer have been disclosed in the transfer document.
- 3- The issuer comply with the Corporate Governance Regulations and the disclosure requirements set out in the Corporate Governance Regulations, the Companies Law and the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.
- 4- Other than what has been mentioned on pages (66 -70) and page (81) of this document, the issuer and its subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the issuer or its subsidiaries or their financial position.
- 5- Other than what has been mentioned on page (66) of this document, the directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the issuer or its subsidiaries or their financial position.
- 6- Other than what has been mentioned on page (41) of this document, there has not been any interruption in the business of the issuer or any of the issuer's subsidiaries (if applicable) which may have or has had a significant effect on the financial position in the last 12 months.
- 7- Other than what is mentioned on pages (43) and (72) of this document, the board of directors do not have any shareholding or interest of any kind in the issuer or any of the issuer's subsidiaries (if applicable), and nor does any relative of theirs.





4-20 Other declarations

- 1- The directors, audit committee members and senior executives, of the Issuer and any of their associates may not deal in any securities of the Issuer during the following periods:
 - a- during the (15) calendar days preceding the end of the financial quarter and until the date of the disclosure of the reviewed interim financial statements of the Issuer that is required to be disclosed pursuant to subparagraph (1) of Paragraph (a) of Article 86 of the Rules on the Offer of Securities and Continuing Obligations.
 - b- during the (30) calendar days preceding the end of the fiscal year until the date of disclosing the Issuer's audited annual financial statements or the interim financial statements for the fourth quarter in the event that the Issuer disclosed them after reviewing them and fulfilling the requirements of subparagraph (2) of Paragraph (a) of Article (86) of the Rules on the Offer of Securities and Continuing Obligations.
- 2- The members of the Board of Directors, members of the Audit Committee and senior executives of the Issuer declare that they are aware that the aforementioned prohibition does not include their exercise or the exercise of any person related to any of them of the right to subscribe to and sell rights.
- 3- The members of the Board of Directors, members of the Audit Committee, and senior executives of the Issuer declare that upon termination of the membership of a member of the Board of Directors or their dismissal, or the termination of the membership of any of the members of the Audit Committee, or the resignation of any of the senior executives of the Issuer during any of the prohibition periods referred to above, this period (where applicable) shall apply to such member or senior executive and any person related to any of them.
- 4- The members of the Board of Directors declare that the Issuer has not obtained any exemptions related to the Application to transfer to the Main Market.

4-21 Overview of the Subsidiary

4-21-1 Date and Incorporation of the Subsidiary

Al-Aziza Real Estate Development and Investment Company was established as a closed joint stock company with a capital of (10,000,000) ten million riyals, divided into (1,000,000) million nominal shares of equal value, the value of each of which is (10) ten riyals, all of which are ordinary shares in kind, in accordance with the articles of incorporation, notarized by the Notary Public of the Ministry of Commerce on the date 15/02/1431H (corresponding to 30/01/2010G) and was registered in the Commercial Register No. (1010288389) issued in the city of Riyadh on 05/06/1431H (corresponding to 19/05/2010G).

4-21-2 Capital of the Subsidiary

The capital of Al-Aziza Investment and Real Estate Development Company is (10,000,000) ten million riyals, divided into (1,000,000) million fully paid ordinary shares, with a nominal value of (10) ten riyals per share. All ordinary shares are of one class, and the share does not give its holder any preferential rights. The following table shows the ownership structure of the Subsidiary at the date of this document:



Table 24: Ownership structure of Al-Aziza Real Estate Development and Investment Company as in the shareholders' register of the subsidiary company dated 08/03/1446H corresponding to (11/09/2024G).

S/N	Name	No. of shares	Nominal value	Ownership (%)
1	Banan Real Estate Company, a public joint stock company	460,416	10	46.04%
2	Kemda house Company	327,608	10	32.76%
3	Abdullah bin Abdulaziz Al-Haqbani	37,500	10	3.75%
4	Abdul Mohsen bin Abdulaziz Al-Haqbani*	37,500	10	3.75%
5	Badr bin Suleiman Al-Haqbani	37,499	10	3.74%
6	Khaled bin Suleiman Al-Haqbani	37,499	10	3.74%
7	Al-Jawhara bint Muhammad Al-Shuwaier	26,562	10	2.66%
8	Hawar International Company	17,708	10	1.77%
9	Noura bint Salman Al-Haqbani	17,708	10	1.77%
Total		1,000,000		100%

Source: Banan Real Estate Company

*It is worth mentioning that Abdulmohsen bin Abdulaziz Al-Haqbani is the Chairman of the Board of the Issuer company and the subsidiary, and he owns 3.75% of the shares in the subsidiary company.

Note: The ownership percentage in the above table are extracted from the shareholders' register of the subsidiary company dated 08/03/1446H corresponding to (11/09/2024G).

4-21-3 Board of Directors of the Subsidiary

Al-Aziza Real Estate Investment and Development Company is managed by a Board of Directors consisting of (6) six members. The term of membership of the members of the Board of Directors, including the Chairman of the Board, shall be a maximum of (4) four years for each term, and the current Board of Directors was appointed by the founders for a period of (3) three years starting from the date of its registration in the commercial registry as a joint stock company.

Table 25: Board of Directors of Al-Aziza Real Estate Investment and Development Company

S/N	Name	Position	Direct ownership in the Issuer	Indirect ownership in the Issuer
1	Abdul Mohsen bin Abdulaziz bin Saleh Al-Haqbani	Chairman	8.06%	None
2	Ahmed bin Abdul Rahman bin Abdulaziz Al Haqbani	Deputy Chairman	0.1000%	None
3	Badr bin Suleiman bin Saleh Al-Haqbani	Managing Director	0.0006%	None
4	Fahd bin Abdullah bin Suleiman Al-Haqbani	Member	None	None
5	Faisal bin Mohammed bin Abdulaziz Al-Haqbani	Member	0.6500%	None
6	Mohammed bin Adel bin Abdul Rahman Al-Thunayan	Member	0.0005%	None
7	Ahmed bin Saleh bin Abdulaziz Al-Shuaibi*	Member	0.0025%	None

Source: Banan Real Estate Company

Note(1): The ownership percentages in the above table are rounded, and they are extracted from the shareholders register dated 28/03/1446H (corresponding to 01/10/2024G) issued on 30/03/1446H (corresponding to 03/10/2024G).

Note (2): Indirect ownership referred to in the table above is the ownership of a director of a company that owns the Issuer (if any).

* On 24/03/2024G, the resignation of Mr. Ahmed bin Sulaiman Al-Muzaini was accepted from his membership in the Board of Directors of the Subsidiary, and approval was issued to appoint Mr. Ahmed bin Saleh bin Abdulaziz Al-Shuaibi as a member of the Board of Directors from 25/03/2024G until the end of the current term.





According to the bylaws of Al-Aziza Real Estate Investment and Development Company, the membership of board members ends at the end of their term or the expiration of the member's term in accordance with any system or instructions in force in the Kingdom. However, the Ordinary General Assembly may, based on a recommendation from the Board of Directors, terminate the membership of any member who fails to attend (three) consecutive meetings or (five) separate meetings during the term of his membership without a legitimate excuse.

According to the bylaws of Al-Aziza Real Estate Investment and Development Company, the meetings of the Board of Directors shall not have a quorum unless at least 50% of the members are present in person or on by proxy, and when the votes are equal, the side that voted with the chairman of the meeting shall prevail.

4-21-4 Subsidiary committees

Audit Committee

The Audit Committee was formed pursuant to the decision of the Extraordinary Assembly dated 13/06/2023G to appoint an Audit Committee consisting of (3) members other than Executive members of the Board of Directors, whether shareholders or others. The committee meeting is not valid unless the majority of the committee members are present and no decision is issued by the Committee except by a vote of the majority of the members present, and in the event of a tie, the side with which the Chairman of the Committee voted shall prevail. The following members were appointed as members of the Audit Committee for a period of (3) three years.

Table 26: Members of the Audit Committee of Al Azizah Investment and Real Estate Development Company

Members of the Audit Committee			
S/N	Name	Position	Membership Capacity
1	Ahmed bin Saleh bin Abdulaziz Al-Shuaibi*	Chairman of the Committee	Independent
2	Abdul Rahman Sultan	Committee member	Independent
3	Abdulaziz Al-Arifi	Committee member	Independent

Source: Banan Real Estate Company

* On 24/03/2024G, the resignation of Mr. Ahmed bin Sulaiman Al-Muzaini from his membership in the Audit Committee was accepted by the Board of Directors, and approval was issued to appoint Mr. Ahmed bin Saleh bin Abdulaziz Al-Shuaibi as a member of the Audit Committee from 25/03/2024G until the end of Current term. On 22/05/2024G, he was appointed as Chairman of the Audit committee of the subsidiary company.



4-21-5 Subsidiary's workforce

As of 12/03/1446H (corresponding to 15/09/2024G), the number of employees in the Subsidiary was (37) male and female employees, including (8) Saudi employees and (29) non-Saudi employees. The Subsidiary was able to achieve a percentage Saudization 21% according to the Saudization program «**Nitaqat**», and the Subsidiary was classified within the (high green) range. It is also worth noting that the subsidiary is committed to documenting employee contracts electronically through «**Qiwa**» platform.

The Saudization program «**Nitaqat**» was approved pursuant to the Resolution of His Excellency the Minister of Labor No. (4040) dated 12/10/1432H (corresponding to 10/09/2011G), based on Council of Ministers Resolution No. (50) dated 21/05/1415H (corresponding to the 27/10/1994G). Nitaqat Program was implemented on 12/10/1432H (corresponding to 10/09/2011G). In implementation of Ministerial Resolution No. (182495) dated 15/11/1442H (corresponding to 25/06/2021G), Nitaqat program was developed into the «**Developer Nitaqat**» program, which adopted the integration of small and micro economic activities and included them with the rest of the economic activities and presented a fixed localization plan to improve the relationship between the number of employees and the percentage of nationalization in organizations.

The Ministry of Human Resources and Social Development implemented the program to encourage institutions to employ Saudi citizens. Through the program, the performance of any company is evaluated based on specific categories «**bands**» that include: the platinum band, the green band (divided into subcategories, i.e.: low category, medium category, and high category), and the red band. Companies that are within the platinum or green range are considered to have fulfilled the Saudization requirements, and are therefore entitled to a number of benefits, such as enabling non-Saudi workers to obtain and renew work visas or change their professions (with the exception of professions designated exclusively for Saudi citizens). As for companies that are in the red zone, they are considered to have violated Saudization requirements, and may be subject to some penal measures, such as limiting their ability to renew work visas for non-Saudi employees or obtain new work visas.

4-21-6 Government approvals, licenses and certificates

Al-Aziza Real Estate Investment and Development Company possesses the necessary licenses and permits to carry out its business and activities, in accordance with the various laws and regulations in force in the Kingdom of Saudi Arabia.

Below is a general review of various certificates, licenses, permits and authorizations related to Al Aziza Real Estate Investment and Development Company:





Table 27: Government approvals, licenses and certificates for Al Aziza Real Estate Investment and Development Company

S/N	Type of license	Purpose	license number	Release Date	Expiry date	Issuing Agency
1	VAT registration certificate	Collecting VAT from customers	300608882900003	22/01/2019G	N/A	Zakat, Tax and Customs Authority
2	Commercial Registration of Al-Aziza Real Estate Investment and Development Company (Main)	Subsidiary registration	1010288389	05/06/1431H	05/06/1446H	Ministry of Commerce
3	Sub-commercial register of Al-Aziza Real Estate Investment and Development Company	Subsidiary registration	1010630719	10/07/1441H	12/08/1446H	Ministry of Commerce
4	Zakat certificate	Enabling the Subsidiary to complete all its transactions, including paying its final dues in contracts	1022142862	14/09/1445H	02/11/1446H	Zakat, Tax and Customs Authority
5	Trademark registration certificate	Protecting the Subsidiary's trademark from violation and preserving its rights	1445001902	14/01/1445H	13/01/1455H	Saudi Authority for Intellectual Property
6	Renovation license (residential/commercial)	Enabling the Subsidiary to restore the building	2601	20/10/1444H	20/10/1445H	Ministry of Municipal and Rural Affairs and Housing
7	Certificate of receipt of safety works (commercial and residential complex) for the property located in the northern Al-Ma'athar neighbourhood	One of the certificates required by the Ministry of Municipal and Rural Affairs in order to issue a commercial activity license	250/JF/151	14/03/2022G	-	Modern Vision Engineering and Safety Consulting Company
8	Certificate of completion of installations for the property located in the northern Al-Ma'athar neighbourhood	One of the certificates required by the Ministry of Municipal and Rural Affairs in order to issue a commercial activity license	MR214	05/08/1443H	-	Firefighter Foundation for Safety Devices and Equipment
9	Certificate of completion of civil defence installations for warehouses located in the Sulay district	One of the certificates required by the Ministry of Municipal and Rural Affairs in order to issue a license for the warehouse	CR-133-NB-21	19/08/2021G	-	Ranan Alarms Est.
10	Certificate of receipt of safety works for the warehouse located in Al-Sulay neighbourhood	One of the certificates required by the Ministry of Municipal and Rural Affairs in order to issue a license for the warehouse	-	26/08/2021G	-	Derwazah Engineering and Safety Consulting Office
11	Real estate developer qualification certificate	This certificate is granted to establishments to register and qualify for the exemption of real estate supplies pursuant to Royal Order No. A/84	2160721219	31/01/2021G	-	Ministry of Municipal, Rural Affairs and Housing - Developer Services Center « Etmam »
12	Business license	Enabling the entity to carry out its commercial activities	40041968110	02/04/1443H	02/06/1446H	Ministry of Municipal, Rural Affairs and Housing - Balady platform



S/N	Type of license	Purpose	license number	Release Date	Expiry date	Issuing Agency
13	Certificate of completion of installations for a commercial residential building located in the Olaya district of Riyadh	One of the certificates required by the Ministry of Municipal, Rural Affairs and Housing in order to issue a commercial activity license	-	25/09/1439H	-	Firefighter Safety Est.
14	Chamber of Commerce Contribution Certificate	Enabling the entity to benefit from the services provided by the Chamber of Commerce	235050	23/08/2010G	06/12/2024G	Riyadh Chamber of Commerce
15	Social Insurance Certificate	The Subsidiary's commitment to fulfill its obligations towards the General Organization for Social Insurance	73071077	15/09/2024G	14/10/2024G	General Organization for Social Insurance
16	A statement of wages and subscriptions	Statement of wages for Saudi and non-Saudi subscribers registered with the subsidiary company to be submitted for Zakat and income tax purposes	73071021	15/09/2024G	30/09/2024G	General Organization for Social Insurance
17	Nationalization Certificate	A statement of the percentage of Saudization in the Subsidiary	203034-20892776	14/04/2024G and updated on 08/08/2024G	06/11/2024G	Ministry of Human Resources and Social Development
18	Certificate of debts	A statement of the entity's debts that can be presented to the new owner upon transfer of ownership	131913-19612673	08/08/2024G	08/09/2024G	Ministry of Human Resources and Social Development
19	Membership certificate on the Ejar platform	Permitting him to practice real estate leasing activity	EJAR_42980738	09/03/2020G	31/12/2024G	General Real Estate Authority - Ejar platform

Source: Banan Real Estate Company

4-21-7 Subsidiary's insurance cover

Table 28: Insurance Cover for the Subsidiary

S/N	Insurer	Client Name	Insurance Starting Date	Insurance expiry date	Value of insurance coverage	Type of Insurance
1	Tawuniya Insurance	Al-Aziza Real Estate Development and Investment Company	01/06/2024G	31/05/2025G	SAR 1,000,000	Health insurance for employees
2	Malath Insurance Company	Al-Aziza Real Estate Development and Investment Company	09/02/2024G	08/02/2025G	SAR 10,000,000	Motor insurance
3	Malath Insurance Company	Al-Aziza Real Estate Development and Investment Company	10/10/2023G	09/10/2024G	SAR 45,850,000	Properties Insurance From all dangers

Source: Banan Real Estate Company.





4-21-8 Financing agreements with the Subsidiary's commercial banks

Below is a summary of all financing obtained by Al-Aziza Real Estate Investment and Development Company:

Table 29: Details of the financing agreement with Riyadh Bank for Al-Aziza Real Estate Investment and Development Company

Facilities agreement with Riyadh Bank	
Date of the Agreement	23/11/2021G
Borrower	Al-Aziza Real Estate Development and Investment Company
Type of facility/loan/amount	Facilities agreement - long-term credit line
Duration	Until 23/11/2024G (note that this agreement has been merged with the facilities agreement signed on 06/08/2024G).
Value of facilities	45,000,000 riyals (the remaining balance of the facilities is an amount of 16,627,000 riyals as in the agreement appendix on August 6, 2024G).
Profit margin/commission	SIBOR + 1.75%
Security Documents	- Real estate mortgage of deed (960001456593) - A promissory note amounting to (59,575,000 riyals) for all financing agreements with Riyadh Bank, dated 23/11/2021G - Assignment of the entire rental value in favour of the bank, resulting from lease contracts signed with others, and did not specify the building deed number in the assignment, for the period from 01/01/2024G to 31/12/2025G.
Facilities agreement with Riyadh Bank	
Date of the Agreement	23/11/2021G
Borrower	Al-Aziza Real Estate Development and Investment Company
Type of facility/loan/amount	Facilities agreement - short-term credit line
Duration	As of 23/11/2024G (Note that this agreement has been merged with the Facilities Agreement signed on 06/08/2024G).
Value of facilities	SAR 50,000,000
Profit margin/commission	SIBOR + 1.50%
Security Documents	- Real estate mortgage of deed (960001456593) - A promissory note amounting to (59,575,000 riyals) for all financing agreements with Riyadh Bank, dated 23/11/2021G - Assignment of the entire rental value in favour of the bank, resulting from lease contracts signed with others, and did not specify the building deed number in the assignment, for the period from 01/01/2024G to 31/12/2025G.
Facilities agreement with Riyadh Bank	
Date of the Agreement	06/08/2024G
Borrower	Al-Aziza Real Estate Development and Investment Company
Type of facility/loan/amount	Islamic Financial Agreement
Duration	Until 06/08/2029G
Value of facilities	SAR 50,000,000
Profit margin/commission	SIBOR + 1.5%



Facilities agreement with Riyad Bank

Security Documents	- Real estate mortgage of deed (960001456593)
	- A promissory note amounting to (99,773,000 riyals)
	- Assignment of the entire rental value in favour of the bank, resulting from lease contracts signed with others, and did not specify the building deed number in the assignment, for the period from 01/01/2024G to 31/12/2025G.

Source: Banan Real Estate Company

4-21-9 Subsidiary Properties

Al-Aziza Real Estate Investment and Development Company owns several real estate deeds, as summarized below:

Table 30: Deeds owned by Al-Aziza Real Estate Investment and Development Company

S/N	Instrument No	Instrument date	Property area	Ownership (%)	Note	Mortgage date
1	430111007414	23/02/1434H	(325 m2)	100%	None	N/A
2	630111007415	23/02/1434H	(325 m2)	100%	None	N/A
3	630107017438	14/01/1434H	(325 m2)	100%	None	N/A
4	360653003989	21/04/1445H	(602 m2)	100%	None	N/A
5	260674001503	24/04/1445H	(7,858 m2)	100%	None	N/A
6	410810004635	23/11/1444H	(971 m2)	100%	None	N/A
7	360604000927	08/12/1443H	(2,750 m2)	100%	None	N/A
8	6658	01/03/1409H	(5,000 m2)	100%	None	N/A
9	16/1214	22/05/1416H	(1,200 m2)	100%	None	N/A
10	910114046705	21/10/1440H	(3,600 m2)	100%	None	N/A
11	710113045526	05/11/1432H	(600 m2)	100%	None	N/A
12	210113045493	04/11/1432H	(600 m2)	100%	None	N/A
13	310108044162	23/05/1438H	(750 m2)	100%	None	N/A
14	710113045847	24/11/1432H	(750 m2)	100%	None	N/A
15	210810004636	23/11/1444H	(4,676 m2)	100%	None	N/A
16	310111058417	17/03/1442H	(161 m2)	100%	None	N/A
17	560618000891	08/07/1444H	(682 m2)	100%	None	N/A
18	2/985	19/09/1393H	(893 m2)	100%	None	N/A
19	393533002088	08/05/1443H	(6,090 m2)	100%	None	N/A
20	310815003461	23/06/1441H	(345 m2)	100%	None	N/A
21	317821005605	21/05/1444H	(3,200 m2)	100%	None	N/A
22	810803005777	03/12/1444H	(1,713 m2)	100%	None	N/A
23	962526001994	06/09/1443H	(2,736 m2)	100%	None	N/A
24	710113045172	05/06/1432H	(6,000 m2)	100%	None	N/A
25	3/34506	11/02/1423H	(1,364 m2)	100%	None	N/A
26	417821005592	20/05/1444H	(115 m2)	100%	None	N/A
27	517821005609	21/05/1444H	(406 m2)	100%	None	N/A
28	510107049980	10/08/1439H	(2,856 m2)	100%	None	N/A
29	46061100213	05/11/1415H	(6,540 m2)	100%	None	N/A
30	960001456593	07/03/1446H	(11,970 m2)	100%	Mortgaged in favour of Riyad Bank for an amount of (71,627,000) riyals	07/03/1446H
31	498598000622	02/02/1446H	(325m2)	100%	None	N/A

Source: Banan Real Estate Company





4-21-10 Subsidiary lease contracts

Al-Aziza Investment and Real Estate Development Company has concluded (217) lease contracts. The following list includes the details of the highest (19) valid lease contracts in terms of value, for sites owned by Al-Aziza Investment and Real Estate Development Company or those under its supervision and management, and its most prominent details as follows:

Table 31: List of the largest lease contracts for Al Aziza Real Estate Investment and Development Company

S/N	Lessor	Tenant	Location	Type of use of the property	Rental term and renewal mechanism	Total rental value (SAR)
1	Al-Aziza Real Estate Development and Investment Company	Client No. 20	Riyadh	Commercial	01/01/2024G - 31/12/2030G The contract is automatically renewed for a similar period	8,107,501
2	Al-Aziza Real Estate Development and Investment Company	Client No. 21	Riyadh	Commercial	01/03/2024G - 28/02/2029G The contract ends at the end of its term	6,612,500
3	Al-Aziza Real Estate Development and Investment Company	Client No. 22	Riyadh	Commercial	01/10/2023G - 30/09/2028G The contract ends at the end of its term	3,277,500
4	Al-Aziza Real Estate Development and Investment Company	Client No. 23	Riyadh	Commercial	16/12/2021G - 15/02/2028G The contract is automatically renewed for a similar period	6,460,000
5	Al-Aziza Real Estate Development and Investment Company	Arabian Company for Fans	Riyadh	Commercial	01/01/2024G - 31/12/2025G The contract is automatically renewed for a similar period	2,173,500
6	Al-Aziza Real Estate Development and Investment Company	Al-haqbani commercial group Company	Riyadh	Commercial	01/01/2024G - 31/12/2025G The contract is automatically renewed for a similar period	2,070,000
7	Al-Aziza Real Estate Development and Investment Company	Client No. 24	Riyadh	Commercial	02/04/2024G - 01/04/2029G The contract is automatically renewed for a similar period	1,752,025
8	Al-Aziza Real Estate Development and Investment Company	Client No. 37	Riyadh	Commercial	01/10/2023G - 30/09/2025G The contract is automatically renewed for a similar period	1,725,000
9	Al-Aziza Real Estate Development and Investment Company	Client No. 25	Riyadh	Commercial	01/12/2022G - 30/11/2027G The contract is automatically renewed for a similar period	1,648,640
10	Al-Aziza Real Estate Development and Investment Company	Client No. 26	Riyadh	Commercial	03/08/2023G - 02/08/2027G The contract is automatically renewed for a similar period	1,610,000
11	Al-Aziza Real Estate Development and Investment Company	Client No. 27	Riyadh	Commercial	01/08/2022G - 31/07/2025G The contract ends at the end of its term	1,380,000
12	Al-Aziza Real Estate Development and Investment Company	Client No. 26	Riyadh	Commercial	03/08/2023G - 02/08/2027G The contract is automatically renewed for a similar period	1,380,000
13	Al-Aziza Real Estate Development and Investment Company	Client No. 19	Riyadh	Commercial	11/02/2024G - 10/02/2025G The contract is automatically renewed for a similar period	1,322,500
14	Al-Aziza Real Estate Development and Investment Company	Client No. 28	Riyadh	Commercial	01/05/2023G - 30/04/2025G The contract is automatically renewed for a similar period	1,265,000



S/N	Lessor	Tenant	Location	Type of use of the property	Rental term and renewal mechanism	Total rental value (SAR)
15	Al-Aziza Real Estate Development and Investment Company	Client No. 19	Riyadh	Commercial	24/06/2024G - 23/06/2025G The contract is automatically renewed for a similar period	1,207,500
16	Al-Aziza Real Estate Development and Investment Company	FAD Mechanical and Electrical Equipment Co., Ltd	Riyadh	Commercial	01/01/2024G - 31/12/2025G The contract is automatically renewed for a similar period	1,138,500
17	Al-Aziza Real Estate Development and Investment Company	Client No. 29	Riyadh	Commercial	01/03/2023G - 28/02/2026G The contract ends at the end of its term	1,121,250
18	Al-Aziza Real Estate Development and Investment Company	Client No. 30	Riyadh	Commercial	01/12/2022G - 30/11/2025G The contract is automatically renewed for a similar period	1,072,260
19	Al-Aziza Real Estate Development and Investment Company	Client No. 30	Riyadh	Commercial	13/02/2023G - 12/02/2026G The contract is automatically renewed for a similar period	1,072,260
20	Al-Aziza Real Estate Development and Investment Company	Client No. 31	Riyadh	Commercial	01/08/2023G - 31/07/2026G The contract is automatically renewed for a similar period	943,000
21	Al-Aziza Real Estate Development and Investment Company	Client No. 32	Riyadh	Commercial	01/06/2024G - 31/05/2027G The contract is automatically renewed for a similar period	902,406

Source: Banan Real Estate Company

Note: Customers are referred to by different numbers with each number referring to a specific customer where applicable in the document.

4-21-11 Trademarks and proprietary rights of the Subsidiary

Al-Aziza Investment and Real Estate Development Company has protected its intellectual property by registering its trademark in order to be able to maintain its reputation and the strength of its name and brand in the market and among competitors. The table shows the registered trademarks of the Subsidiary:

Table 32: Details of the tradenames of Al Aziza Investment and Real Estate Development Company

S/N	Registration No	Owner's Name	Category	Protection date	Country of registration	Trademark
1	1445001902	Al-Aziza Real Estate Development and Investment Company	36	14/01/1445H - 13/01/1455H	Saudi Arabia	

Source: Banan Real Estate Company





4-21-12 Disputes and lawsuits of the Subsidiary

Al-Aziza Investment and Real Estate Development Company is a party to several lawsuits and disputes. We summarize below all lawsuits and disputes, whether pending before judicial or quasi-judicial bodies, as follows:

Table 33: Disputes and lawsuits related to Al-Aziza Real Estate Investment and Development Company

S/N	Status of the Company	Claim type	Case number	Judicial authority	Summary of the case	Requests in the lawsuit	Case status
1	Enforcement requester	Finance	401044401017865	Execution Court	The Subsidiary against which it was executed is required to pay an amount of 48,587 Saudi riyals under a unified lease contract.	The value of the property rent is 48,587 Saudi riyals	Underway

Source: Banan Real Estate Company

4-21-13 Contracts with Subsidiary's related parties

Al-Aziza Investment and Real Estate Development Company has committed itself, when concluding contracts and agreements with related parties, to ensure that all transactions are on a purely commercial competitive basis that guarantees the rights of shareholders and does not include any preferential conditions or benefits. The Subsidiary and its board members confirm their commitment to the restrictions of the Companies Law and the Corporate Governance Regulations for transactions regarding related parties in relation to these contracts, a number (49) transactions involving a conflict of interest for a member of the Issuer's board of directors were voted on, in the ordinary general assembly held on 16/10/1445H (corresponding to 25/04/2025G) (5) of which are related to the Issuer, and (44) are related to the Subsidiary, Al-Aziza Real Estate Investment and Development Company.

Following is a summary of the existing contracts with related parties for Al Aziza Real Estate Investment and Development Company:

Table 34: Existing contracts with related parties for Al-Aziza Real Estate Investment and Development Company

Lease Contract	
Type of agreement	Warehouse lease contract in Al-Khalidiya district - Dammam
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz bin Al-Haqbani and the members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	434,700 riyals, and there is no financial impact of the contract during the fiscal year ending on December 31, 2023G.
Lease Contract	
Type of agreement	Warehouse lease contract in Al-Khalidiya district - Dammam



Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz bin Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	346,725 Saudi riyals, and there is no financial impact of the contract during the fiscal year ending on December 31, 2023G.

Lease Contract

Type of agreement	Warehouse lease contract in Ash Shifa district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	2,070,000 Saudi riyals, and there is no financial impact of the contract during the fiscal year ending on December 31, 2023G.

Lease Contract

Type of agreement	Lease contract for a showroom in the Al Ammarah district-Dammam
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and the members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	466,440 Saudi riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Lease contract for a showroom in the northern Al-Ma'athar district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	655,500 Saudi riyals, and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Lease contract for a showroom in Al-Malaz district - Riyadh





Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and the members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	747,500 Saudi riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Lease contract for the office in Olaya district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	243,800 Saudi riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	About the office lease contract in Olaya district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and the members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	154,790 Saudi riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Olaya district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and the members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	208,725 Saudi riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Apartment contract in Al-Murabba neighbourhood - Riyadh



Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and the members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	36,000 Saudi riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	A showroom lease contract in Al-Ghorabi neighbourhood - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Al-haqbani commercial group Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and the members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	161,000 Saudi riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Warehouse Lease contract in Khadraa district, Al-Qassim
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Arabian Fans Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	156,492 Saudi riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Warehouse lease contract in Badr district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Arabian Fans Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2024G
Duration of the agreement	For 1 year
The Value	828,000 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Olaya district - Riyadh





Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Arabian Fans Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	164,450 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Warehouse lease contract in Badr district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Arabian Fans Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and the members of Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	414,000 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Warehouse lease contract in Badr district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and FAD Company for Mechanical & electrical.
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and the members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	1,138,500 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Olaya district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and FAD Company for Mechanical & electrical.
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and the members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	198,605 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract



Type of agreement	Warehouse lease contract in Badr district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Arabian Fans Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	2,173,500 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Sanad Holding Company (closed joint stock)
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	245,410 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Hakbani Information Technology Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	189,750 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Kemda house Company
Nature of the relationship with the Related Party	The Managing Director / Badr bin Salman Al-Haqbani has an indirect interest in it.
Date of agreement	From July 1, 2024G to June 30, 2026G
Duration of the agreement	For 2 years
The Value	162,127 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh





Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Era Lighting for Trading Company
Nature of the relationship with the Related Party	A Substantial Shareholder Mr. Ahmed bin Abdulaziz Al-Haqbani has an indirect interest in the lease contract.
Date of agreement	From April 1, 2024G to March 31, 2026G
Duration of the agreement	For 2 years
The Value	146,280 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Cracker Contracting Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and member of the Board of Directors / Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	78,200 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Cracker Contracting Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and member of the Board of Directors / Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From April 1, 2024G to March 31, 2025G
Duration of the agreement	For 1 year
The Value	63,584 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Cracker Contracting Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and member of the Board of Directors / Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From April 1, 2024G to March 31, 2025G
Duration of the agreement	For 1 year
The Value	72,105 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh



Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Cracker Contracting Company
Nature of the relationship with the Related Party	The Chairman of the Board of Directors / Abdul Mohsen bin Abdulaziz Al-Haqbani and member of the Board of Directors / Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From April 1, 2024G to March 31, 2025G
Duration of the agreement	For 1 year
The Value	94,392 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Speed Itgan Company
Nature of the relationship with the Related Party	The members of the Board of Directors Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From January 1, 2024G to December 31, 2025G
Duration of the agreement	For 2 years
The Value	394,680 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	A showroom lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Speed Itgan Company
Nature of the relationship with the Related Party	The members of the Board of Directors Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From July 1, 2024G to June 30, 2026G
Duration of the agreement	For 2 years
The Value	207,000 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Banan Arabian Trading Company
Nature of the relationship with the Related Party	The members of the Board of Directors Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From August 28, 2024G to August 27, 2026G
Duration of the agreement	For 2 years
The Value	167,440 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Lease Contract

Type of agreement	Office lease contract in Alma'athar north district - Riyadh
Parties to the agreement	Al-Aziza Real Estate Investment and Development Company and Summit Materials Trading Company





Nature of the relationship with the Related Party	The members of the Board of Directors / Faisal bin Mohammed Al-Haqbani and Ahmed bin Abdul Rahman Al-Haqbani have an indirect interest in the lease contract.
Date of agreement	From May 1, 2024G to April 30, 2026G
Duration of the agreement	For 2 years
The Value	215,740 riyals and there is no financial impact of the contract in the year ending December 31, 2023G.

Source: Banan Real Estate Company

4-21-14 Investments in the Associates of the Subsidiary

During the year 2021G, the Subsidiary (Al-Aziza Real Estate Investment and Development Company) acquired 15% of the share of Etihad Hittin Real Estate Company (an affiliate), which is a limited liability company, registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010708513 dated 17/09/1442H (corresponding to 29/04/2021G). The main activities of the affiliate are the purchase and sale of land and real estate, their division, off-plan sales activities, management and leasing of owned or rented properties (residential and non-residential), management and leasing of self-storage warehouses, and the activities of brokers' agents (auctioneers' offices).

Table 35: Al-Aziza Real Estate Investment and Development Company's investments in associated companies

Statement	Year 2021G	Year 2022G	Year 2023G
Investment value	9,755,803	9,755,803	9,236,783
The Subsidiary's share of the profit for the year	0	(219,020)	1,020,667
Dividends received during the year	0	(300,000)	(178,347)
Investment balance	9,755,803	9,236,783	10,079,103

Source: Banan Real Estate Company

Financial Information and Management Discussion and Analysis

05



5- Financial Information and Management Discussion and Analysis

Introduction

The Management Discussion and Analysis section of Banan Real Estate Company (hereinafter referred to as the «**Issuer**») and its Subsidiary «**Al-Aziza Real Estate Investment and Development Company**» provides an analytical presentation of the Issuer's operating performance and financial position during the fiscal years ending on December 31, 2021G, 2022G, and 2023G and the six-month period ending June 30, 2023G and 2024G. This section and the attached clarifications have been prepared based on the audited and consolidated financial statements for the fiscal years 2021G, 2022G, and 2023G and the interim condensed consolidated financial statements for the six-month period ended June 30, 2023G and 2024G. The financial statements were audited in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia by the Issuer's auditor (Osama Abdullah Al Khuraiji and Partner Company) for the year 2021G and (Al Luhaid and Al Yahya Certified Accountants Company) for the years 2022G and 2023G and the six-month period ending June 30, 2024G. The Issuer has applied the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the SOCPA (hereinafter collectively referred to as «**International Financial Reporting Standards approved in the Kingdom of Saudi Arabia**») in preparing the financial statements for the fiscal years ending in December 31, 2021G, 2022G, and 2023G. The interim condensed consolidated financial statements for the six-month period ended June 30, 2023G and 2024G, and the accompanying notes included in other parts of this Transfer Document, have been prepared in accordance with International Accounting Standard No. (34) «**Interim Financial Reporting**» adopted in the Kingdom of Saudi Arabia and have been reviewed by the auditors under their report, which are referred to together with the audited financial statements as («**Financial Statements**»).

Neither Al Luhaid and Al-Yahya (Certified public Accountants) Company, nor (Osama Abdullah Al-Khuraiji & Partner Company), nor any of their subsidiaries, nor any of their employees, nor any of their relatives, owns any shares or stakes of any kind in the Issuer in a way that might affect their independence as of the date of issuance of the independent auditor's report on the financial statements. Osama Abdullah Al Khuraiji and Partner Company (Certified Public Accountants), as at the date of this Document, provided a written consent to refer to their role in the Transfer Document as auditor of the Issuer's accounts for the fiscal year ending on December 31, 2021G, and Al Luhaid and Al Yahya Company (Certified Public Accountants), as at the date of this Document, provided a written consent to refer in the Transfer Document to their role as auditor of the Issuer's accounts for the financial years ending on December 31, 2022G and 2023G and the six-month period ending June 30, 2024G, and they did not revoke that approval.

The above financial statements are an essential part of this Document, and this section should be read in conjunction with those statements and their accompanying notes. These financial statements are listed in Section No. (6) «**Report of the Certified Public Accountant**» of this Document.



All amounts in this section have been rounded to the nearest thousand Saudi riyals, numbers and percentages have been rounded to the nearest decimal point, unless otherwise stated. Therefore, the sum of these numbers may differ from what is stated in the tables, as if the numbers contained in a table are summed up, their sum may not be consistent with the total mentioned in that table or with the audited financial statements. Accordingly, all ratios, indicators, annual expenditures and compound annual growth rates are based on rounded figures.

The information on the statement of profit or loss and other comprehensive income for the year ended December 31, 2021G was used from the financial information for the comparative year presented in the audited consolidated financial statements for the year ended December 31, 2022G. The information on the statement of financial position for the year ending on December 31, 2021G and the financial information for the year ending on December 31, 2022G were used from the financial information for the comparison year presented in the audited consolidated financial statements for the year ending on December 31, 2023G. The financial information for the financial period ending June 30, 2023G was used from the financial information for the comparative period presented in the interim condensed consolidated financial statements for the six-month period ending June 30, 2024G.

This section may include hypothetical statements regarding the Issuer's prospects, based on the management's plans and expectations regarding the Issuer's growth, the results of operations and financial position, as well as the risks and uncertainties associated therewith. The Issuer's actual results may differ materially from expected results as a result of numerous factors, risks and future events, including those discussed in this section of the Transfer Document or elsewhere therein, particularly Section 2 «**Risk Factors**» of this Document.

5-1 Board members' declarations regarding the financial statements

The members of the Issuer's Board of Directors declare the following, to the best of their knowledge and belief:

- 1- That the financial information contained in this section has been prepared on a consolidated basis, extracted without material modifications, and presented in a form consistent with the audited financial statements for the fiscal years ending on December 31, 2021G, 2022G, and 2023G, and the notes attached to them, which were prepared in accordance with international financial reporting standards approved in the Kingdom of Saudi Arabia and other standards and publications approved by SOCPA. The Company's condensed interim consolidated financial statements for the six-month period ending June 30, 2024G and the accompanying notes, which were prepared by the Company in accordance with International Accounting Standard No. 34 «**Interim Financial Reporting**» adopted in the Kingdom of Saudi Arabia.
- 2- That the Issuer has sufficient working capital for a period of twelve (12) months immediately following the date of publication of this Document.
- 3- That there has been no material adverse change in the financial and business position of the Issuer during the three (3) financial years immediately preceding the date of submission of the Transfer request. The members of the Board of Directors confirm that all material facts related to the Issuer, its Subsidiary, and their financial performance have been disclosed in





- this Document, and that there is no other information, documents or facts that, if they were neglected to mention, the data contained in the Transfer Document would become misleading.
- 4- There is no intention to make any material changes in the nature of the Issuer's activities.
 - 5- The operations of the Issuer and its Subsidiary have not ceased in a way that could significantly affect, or has already affected, its financial position during the past twelve (12) months.
 - 6- The members of the Board of Directors declare that there were no qualifications in the certified public accountant's report on the Issuer's financial statements for any of the three (3) financial years immediately preceding the date of submitting the transfer request, which are included in this Document.
 - 7- The members of the Board of Directors declare that no structural changes have been made in the Issuer during the three (3) financial years immediately preceding the date of submitting the transfer request, except for what was disclosed in Section No. (5) «**Financial Information and Management Discussion and Analysis**» of this Document.
 - 8- The Directors declare that there has been no material change in the accounting policies of the Issuer during the three (3) financial years immediately preceding the date of submitting the transfer request, except for what was disclosed in Section No. (5) «**Financial Information and Management Discussion and Analysis**» of this the document.
 - 9- The Directors declare that there has been no material changes to the audited financial statements announced for any of the three (3) financial years immediately preceding the date of submitting the transfer request, except for what was disclosed in Section No. (5) «**Financial Information and Management Discussion and Analysis**» of this Document.
 - 10- That the Issuer does not have any property, including contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which would significantly affect the assessment of the financial position, except for what was disclosed in Section No. (5) «**Finance Information and Management Discussion and Analysis**» of this Document.
 - 11- That no commissions, discounts, brokerage fees, or non-cash compensation were granted by the Issuer or its Subsidiary to any of the members of the Board of Directors, senior executives, or experts during the three (3) years immediately preceding the date of submitting the transfer request in relation to the shares subject to transfer.
 - 12- The Directors declare that the Issuer has not issued debt instruments, term loans, secured or unsecured mortgages, or current or approved but not issued, and that the Issuer does not have any loans or other indebtedness, including overdrafts from bank accounts. They declare also that they do not have any security obligations (including personal guarantee, non-personal guarantee, mortgage-secured or mortgage-secured obligations), under approval obligations, acceptance credit or leased purchase obligations except as disclosed in Section No. (5) «**Financial Information and Management Discussion and Analysis**» of this Document.
 - 13- That - to the best of their knowledge - there are no mortgages, rights, or any encumbrances or costs on the Issuer's property as of the date of this Document except for what was disclosed in Section No. (5) «**Financial Information and Management Discussion and Analysis**» of this Document.
 - 14- The capital of the Issuer and its Subsidiary is not subject to the right of option.



- 15- That the Issuer and its Subsidiary do not have any potential liabilities, guarantees, or any significant fixed assets to be purchased or leased other than what was disclosed in Section No. (5) «**Financial Information and Management Discussion and Analysis**» of this Document.
- 16- The Directors declare that the Issuer has not made any capital adjustments during the three (3) years immediately preceding the date of submitting the transfer request subject to this Document.
- 17- The Directors declare that they have no information about any governmental, economic, financial, monetary, or political policies, or any other factors that have affected or could materially affect (directly or indirectly) the operations of the Issuer, with the exception of what was disclosed in Section (2) «**Risk Factors**» of this Document.

5-2 Issuer's Overview

Banan Real Estate Company («**the Issuer**») is a Saudi joint stock company registered in the city of Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010207597, dated 24/02/1426H (corresponding to 03/04/ 2005G).

The Issuer's activity is the management and leasing of owned or rented real estate (residential and non-residential), the management and operation of hotel apartments, real estate management in exchange for a commission, and real estate registration services.

The registered address of the Issuer is Prince Mohammed bin Abdulaziz Road - Block 14 - Al-Maathar Al-Shamaliyah District, Riyadh - P.O. Box: Riyadh 12314 - Kingdom of Saudi Arabia.

The attached consolidated financial statements include the financial statements of Banan Real Estate Company («**the Issuer**») and its Subsidiary (Al-Aziza Real Estate Investment and Development Company), collectively referred to as the «**Issuer and its Subsidiary**.»

On December 23, 2021G, the Issuer increased its ownership stake in Al-Aziza Investment and Real Estate Development Company from 42.5% to 46.042%. This acquisition resulted in some changes in the Board of Directors of Al-Aziza Investment and Real Estate Development Company and thus achieving significant control over it by the Issuer, as the Issuer now has a presence and representation that give it the authority to direct the relevant activities of the Subsidiary. It is worth noting that this acquisition is the main reason for the increase and growth in most financial items between 2021G and 2022G.

Table 36: Percentage of ownership in the Issuer's Subsidiary (Al-Aziza Real Estate Investment and Development Company)

Company's name	Country of incorporation	Ownership percentage			
		December 31, 2021G	December 31, 2022G	December 31, 2023G	June 30, 2024G
Al-Aziza Real Estate Investment and Development Company	Kingdom of Saudi Arabia	42.5%	46.042%	46.042%	46.042%

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2022G and 2023G and the condensed consolidated interim financial statements for the financial period ending June 30, 2024G

Al-Aziza Real Estate Investment and Development Company («**the Subsidiary**»), is a closed Saudi joint stock company, operating under Commercial Registration No. 1010288389 dated 05/06/1431H (corresponding to 19/05/2010G).





The Subsidiary's activities are general construction of residential buildings, general construction of non-residential buildings (such as schools, hospitals, and hotels), and management and leasing of owned or leased properties (residential and non-residential). The Subsidiary also carries out its side activities through its branch registered in the Subsidiary commercial register No. 1010630719 dated 10/07/1441H (corresponding to 05/03/2020G), whose activities include: buying and selling land and real estate and dividing it, off-plan sales activities, managing and leasing owned or rented real estate (residential and non-residential).

Table 37: The branch through which the Subsidiary carries out its side activities

Branch name	Sub-register number	Place of issue
Branch of Al-Aziza Investment and Real Estate Development Company	1010630719	Riyadh

Source: Audited consolidated financial statements for the fiscal year ending on December 31, 2023G and the condensed consolidated interim financial statements for the financial period ending June 30, 2024G

The impact of this acquisition was presented on the consolidated financial statements for the fiscal year ending December 31, 2021G.

5-3 Main factors affecting the Issuer's operations

5-3-1 Risks related to the concentration of revenues from the four largest clients

The average percentage of rental revenues from the Issuer and its Subsidiary's four largest tenant clients to the total revenues of leasing activity was about 44.3% during the past three and a half years from 2021G to June 30, 2024G, where the concentration of rental revenues from the four largest customers amounted to about 75.6% during 2021G, 34.5% during 2022G, 32.1% during 2023G, and 35.0% during the financial period ending June 30, 2024G. The average concentration ratio over the past three and a half years from the first client was 22.2%, from the second client 11.6%, from the third client 7.2%, and from the fourth client 4.3% of the total rental revenues of the Issuer and the Subsidiary. It is worth noting that all of these contracts were renewed most of which were renewed during 2023G and early 2024G for a period of five years ending in 2028G and are all renewable. (For more details, please see Subsection No. (5-7-1-2) «**Rental Revenue**» and Subsection No. (5-8-1-2) «**Rental Revenue**» of Section No. (5) «**Financial Information and Management's Discussion and Analysis**» in this Document). If the Issuer relies on its main customers for rental revenues, and if it is unable to maintain its business relationship with them for any reason, if it is unable to renew contracts with these customers or contract with new customers, or if these contracts do not result in the expected profits and returns, then this will adversely and materially affect the Issuer's business, results of operations, financial condition and prospects.

5-3-2 Risks related to the inability to renew existing lease contracts

The Issuer's income is primarily based on rental income from real estate, which is primarily dependent on tenants' commitment to payment on time. The Issuer has a real estate portfolio that includes many leases with tenants, most of which have been recently renewed. The average term of the Issuer's leases is approximately (5) five years, while the average term of the Subsidiary's leases is (1) one year, renewable. It is worth noting that a number of the Issuer's material leases have recently been renewed and will expire in 2028. Although these contracts are renewable, the Issuer has no guarantees that these contracts will be renewed with current



tenants or that they will be renewed on favorable terms, or that new contracts will be concluded with new tenants. Since the Issuer's continuous renewal of lease contracts with its customers is of paramount importance to maintaining continuous revenue streams, if the Issuer is unable to renew current lease contracts and maintain its lease revenues at the required level and collect them on time, this will have a material and negative impact on the issuer's financial stability, results of operations and financial condition.

5-3-3 Risks of white land fees

The White Land Fees Law issued pursuant to Royal Decree No. (M/4) dated 12/02/1437H (corresponding to 24/11/2015G) 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 Council of Ministers Resolutions No. (181) dated 01/03/1441H (corresponding to 29/10/2019G) and No. (511) dated 01/09/1442H (corresponding to 13/04/2021G) imposing an annual fee on white lands, owned by one or more persons with a natural or non-governmental legal capacity, at a rate of 2.5% of the value of the land. The regulations specify the criteria for estimating the value of the land and the entity responsible for that, provided that the criteria include the location of the land, its uses, building systems, factors in the availability of public services therein and the access of public facilities to them. White lands mean any vacant land designated for residential or commercial use within the boundaries of the urban zone. The system specifies that the owner of lands that are declared to be considered white lands subject to the application of fees must submit to the Ministry of Municipal, Rural Affairs and Housing the documents and data related to their lands, where the land owner will be informed of the decision issued to make the land he owns subject to the application of the fee, and the amount of the fee due from him, according to the notification mechanisms specified in the relevant regulations. Therefore, if the Issuer owns white lands in the course of his activity, he will be subject to the application of fees on them if he is unable to develop them immediately, and the prices of white lands may be subject to a decline due to this decision, which will negatively affect the Issuer's business, results of its operations and its financial condition. The Issuer confirms that it does not own any lands that fall within the lands subject to white land fees until the date of this Document. It is worth noting that the Issuer's Subsidiary has one unexploited land in Al-Badi'ah neighborhood in the city of Riyadh, with an area of 971 square meters, and its net book value is SAR 2.0 million as of June 30, 2024G. It is undeveloped land that is not currently generating revenue, but it is not classified as white land according to the Issuer's statement, as its area is less than 10,000 square meters, and therefore the white land criteria do not apply to it. An investment opportunity is being sought to exploit this land, according to the source's management statement.

5-3-4 Risks related to the adequacy of insurance coverage

The Issuer has entered into several insurance contracts to cover its business and assets, such as compulsory motor insurance, employee medical insurance, and property and real estate insurance. As of June 30, 2024G, the Issuer and its Subsidiary have insured their investment properties and real estate, with the exception of the warehouses of Al Aziza Investment and Real Estate Development Company, where the responsibility for insuring the goods inside the warehouses lies is with the tenant and not the property owner, however, the Subsidiary may be exposed to legal and financial risks due to the failure to insure those warehouses.

The total insurance coverage on the investment properties of the Issuer and its Subsidiary amounted to approximately SAR 225 million as of December 31, 2023G and June 30, 2024G and approximately SAR 221 million as of the date of this Document according to the updated





insurance agreements. However, insurance cover may not be sufficient for all cases that may occur. Therefore, if any uninsured circumstance occurs, resulting from sudden accidents, natural disasters or fires, for example, it will negatively and materially affect the business and assets of the Issuer, its financial condition and future performance. These accidents may also lead to the Issuer bearing large repair and maintenance costs, in addition to higher future insurance amounts, which leads to a strain on the Issuer's financial resources. Moreover, if the residential and commercial properties owned by the Issuer are not insured, this may hinder its ability to conclude rental contracts with clients who may require proof of insurance on the leased property. In addition, the lack of liability insurance may leave the Issuer subject to legal claims and lawsuits, which could result in legal fees and costly settlements if any party files suit against the Issuer or its Subsidiary, which can leave the Issuer's financial stability, reputation and continuity of its business at risk.

Therefore, in the event that the Issuer's insurance agreements expire or are not renewed, or if sufficient insurance cover is not available to cover the costs or losses that may result from fires, natural disasters and other accidents to which the assets and property of the Issuer may be exposed, or in the event that insurance cover is not available for all of the Issuer's assets and investment properties, this will have a material and negative impact on the Issuer's business, results of operations, financial condition, and prospects.

5-3-5 Risks associated with the terms and covenants of credit facility agreements, guarantees, and mortgages provided

The Issuer has a credit facility agreement for Banan Real Estate Company, in addition to a credit facility agreement for the subsidiary with Arab National Bank in previous periods and with Riyadh Bank at present, where these agreements include different tranches of credit lines compatible with the provisions of Islamic Sharia, with an interest rate ranging between (SIBOR + 1.5%) and (SIBOR + 2.0%) for the purpose of financing the issuer's business and purchasing investment properties. As of the date of this document, these facilities have been renewed with an interest rate ranging between (SAIBOR + 1.5%) and (SAIBOR + 1.75%). A new facility agreement was also obtained from Riyadh Bank during the third quarter of 2024G for the issuer and its subsidiary, amounting to SAR 100 million with an interest rate of (SAIBOR + 1.5%). The credit balance of total loans amounted to SAR 138.7 million as of the end of 2021G, SAR 83.0 million as of the end of 2022G, SAR 83.8 million as of the end of 2023G, and SAR 57.6 million as of the end of the six-month period of 2024G. The unused balance of long-term loans of the Issuer and its subsidiary as of December 31, 2023G amounted to SAR 7.1 million, in addition to an unused balance related to four short-term credit lines worth SAR 13.6 million, while the unused balance amounted to SAR 12.5 million as of June 30, 2024G related to long-term loans. To this end, the Issuer has committed to a set of pledges and conditions that it must fulfill, the most important of which are: promissory notes with a total value of approximately 184.7 million Saudi riyals as of 2023G and 144.7 million Saudi riyals as of June 30, 2024G, and mortgaging (5) investment properties with a book value of approximately 267 million Saudi riyals as of December 31, 2023G and June 30, 2024G, in addition to mortgaging the land deed associated with a joint project (Block 14), as well as assigning the rental value associated with one of the Issuer's properties, whereby the tenant of the property transfers the rental amounts to a trust account with the bank as a security for the facilities granted by the bank. This is in addition to the Issuer's obligation to provide any other guarantees requested by the bank, with the bank being authorized to reserve any negotiable papers or documents or any money or securities belonging to the Issuer that come into the bank's possession, so that it has the right to obtain their value and credit it to the Issuer's account as paid amounts from the



Issuer to satisfy its due and unpaid rights. The Issuer is also obligated to notify the bank when any change is made to the legal form of the Issuer, the Subsidiary, or the capital, and to provide the bank with any other information related to the Issuer's business and financial condition whenever the bank requests to do so, and not to make any modifications or additions to the leased assets except with the written approval of the bank. Informing the bank in writing of all allocations, mortgages, or any assets currently or in the future, and pledging not to mortgage or sell any of the property until all dues are paid to the bank or obtaining written approval from it, in addition to pledging to obtain an insurance policy on the assets mortgaged to the bank against all risks and providing the bank with a copy of which.

In the event that the Issuer violates any of the agreed upon pledges and is unable to fulfill all the obligations and requirements of this agreement, or in the event of a default in payment, the bank may request the Issuer to pay immediately and begin judicial enforcement procedures to seize the properties mortgaged to the bank and sell them, and collect the value of the loans from the proceeds of the sale, which will have a negative and material impact on the Issuer's business, results of operations, financial condition and prospects.

The Issuer may also be exposed to the risk of interest rates which are depending on economic, political, or regulatory changes locally or globally, especially if the Issuer decides or is forced to increase the borrowing rate. It is worth noting that the Issuer does not have a strategy to hedge against the risks of interest rate fluctuations. Therefore, any increase in interest rates will lead to an increase in the financing costs needed by the Issuer, which will have a negative and material impact on the Issuer's business, results of operations, financial performance and profits.

5-3-6 Risks related to lawsuits and fines

In the course of business, the Issuer is exposed to a number of cases and lawsuits with several parties. The Issuer or members of its Board of Directors may also enter into judicial proceedings with some parties, including tenants, customers, competitors, or employees. If the rulings issued in these lawsuits and judicial procedures are not in the interest of the Issuer, this will have a negative and material impact on the Issuer's business, results of operations, financial condition and prospects. As of the date of this Document, there are (25) lawsuits filed by the Issuer and its Subsidiary against some tenants as of June 30, 2024G, and (28) lawsuits as of the date of this document. Most of these lawsuits are execution requests against the defendants to pay their due rental payments or to vacate the related commercial or residential units due to breach of the lease contract and non-payment of the due payments. The financial impact of these lawsuits in favor of the Issuer amounted to approximately 3.5 million Saudi riyals as of June 30, 2024G, where an amount of 2.7 million Saudi riyals of that total relates to three tenants of the Issuer in one of the commercial buildings in Riyadh (for more details, please see Subsection No. (4-18) «**Disputes and Lawsuits**» of Section No. (4) «**Legal Information and Directors Declarations**» in this Document). Although the Issuer has taken into account such overdue or delinquent receivables within the expected credit loss provision model, the Issuer cannot accurately predict the cost of lawsuits or legal proceedings that it may file or that may be filed against it, or the final results of such lawsuits or the judgements issued in them and the compensation and penalties they include. The Issuer does not guarantee that disputes will not occur in the future between it and internal parties (such as employees or managers) or external parties with whom it deals, which may lead to filing lawsuits against the Issuer. These claims may include - but are not limited to - Zakat and





tax issues, labor regulations, contracts with customers and suppliers, and other damages that result from negligence or fraud by persons or institutions in a way that is beyond the control of the Issuer. Therefore, any negative outcomes of such cases will materially adversely affect the Issuer's business, reputation, results of operations and financial condition. Other than what is disclosed in this Section and Subsection No. (4-18) «**Disputes and Lawsuits**» from Section No. (4) «**Legal information and declarations of the members of the Board of Director**» in this Document, the Issuer is not a party to any lawsuit, claim, arbitration or proceeding, jointly or individually, outside the usual framework of his work or that would have a material impact on his business or financial condition.

5-3-7 Risks related to credit and the Issuer's inability to collect its Dues

Credit risk is the risk that one party to a financial instrument contract will fail to fulfill its contractual obligations to the other party, resulting in the Issuer incurring financial losses. The Issuer may face credit risks in several temporary or permanent situations, including, for example, the presence of unpaid customer debt balances, failure of other debtor parties to fulfill their obligations to the Issuer, or others. If the debtors do not commit to paying the Issuer's receivables on the specified dates or do not commit at all to pay, partially or completely, this will have a material negative impact on the results of the Issuer's operations, financial condition and cash flows.

The balance of the Issuer's net receivables amounted to 2.3 million Saudi riyals for the fiscal year ending on December 31, 2021G, while it amounted to 3.3 million Saudi riyals in the fiscal year ending on December 31, 2022G, and 3.7 million Saudi riyals as in the fiscal year ending on December 31, 2023G, and 3.5 million Saudi riyals as of the fiscal period ending June 30, 2024G, representing 0.4%, 0.5%, 0.6% and 0.5% of the Issuer's total assets in 2021G, 2022G and 2023G, and the six month period in 2024G respectively.

The balance of the expected credit loss provision for the Issuer amounted to (480) thousand Saudi riyals for the fiscal year ending on December 31, 2021G, while it amounted to (708) thousand Saudi riyals in the fiscal year ending on December 31, 2022G, and amounted to (851) thousand Saudi riyals as in the fiscal year ending on December 31, 2023G, and amounted to (3.4) million Saudi riyals as in the financial period ending on June 30, 2024G, representing 17.2%, 17.7% and 18.8% of the total receivables in 2021G, 2022G and 2023G, respectively, while the balance of the expected credit loss provision amounted to 49.3% of the total receivables as of June 30, 2024G. This increase resulted from an increase in the expected credit loss balance.

The average number of days of outstanding sales receivables for the Issuer during the last three years was approximately 27 days, while it reached 38 days as of June 30, 2024G, due to the increase in the balance of receivables during that period. Receivables associated with five of the Issuer's customers constituted 65.6% of the total balance of receivables as of December 31, 2023G, and 56.6% as of June 30, 2024G, most of whom are tenants in one of the Issuer's commercial buildings located in Riyadh. It is worth noting that the Issuer has filed lawsuits that are still pending to claim the rental value from some of those customers who are late or in default in payment. The Issuer also recorded a relatively high provision for credit losses as at June 30, 2024G based on the reserve matrix model where the credit loss provision ratio was applied at 21% on balances due for 1-90 days, 33% on balances due for 91-180 days, 62% on 181-260 days, and 85% on balances due for more than 360 days. While the credit loss provision ratio as at December 31, 2023G was



0.0% on balances due for 1-90 days, 0.1% on balances due for 91-180 days, 2.3% on 181-260 days, and a full reserve of 100% on balances due for more than 360 days. (For more details, please see Subsection No. (5-7-2-8) «**Trade Receivables, Net**» and Subsection No.(5-8-2-7) «**Trade Receivables, Net**» of Section No. (5) «**Financial Information and Management's Discussion and Analysis**» in this Document).

The Issuer's credit risk is managed by obligating tenants to pay rents or part thereof in advance. However, if one or more of the parties contracting with the Issuer defaults on the financial dues due to their financial insolvency, disruption of their operations, procrastination or bankruptcy, this will have a material adverse effect on the Issuer's revenues, profits, financial condition, cash flows and results of operations.

5-3-8 Risks related to the Subsidiary and supervision of its financial functions

On December 23, 2021G, the Issuer increased its ownership stake in Al-Aziza Real Estate Investment and Development Company from 42.5% to 46.042%. This acquisition resulted in some changes in the Board of Directors of Al-Aziza Real Estate Investment and Development Company, thus achieving significant control over it by the Issuer, as the Issuer now has the right of presence and representation, which give him the authority to direct the relevant activities of the Subsidiary. The acquisition also resulted in the consolidation of the financial statements of the Issuer and the Subsidiary.

Despite the Issuer's control over the Subsidiary, which arose as a result of the acquisition, actual control and the ability to effectively supervise the managerial functions by the Issuer, especially the financial department of the Subsidiary (including direct supervision of the preparation of financial reports), were not achieved until 2023G. During the year 2023G, effective steps were taken to address the problems in the managerial practices and systems of the Subsidiary, as the implementation of the enterprise resource planning (ERP) system was initiated, supervision of financial department and the preparation of financial statements, in addition to employing an internal auditor who was appointed to supervise both the operations and results of the Issuer and its Subsidiary.

Although control has been achieved, some financial, operational and administrative procedures, decisions, and policies that are commensurate with the Issuer's objectives and directions may take additional time and effort on the part of the Issuer's management to implement them appropriately. Also, if the Subsidiary's performance and profitability do not continue as they were in previous years and according to the Issuer's expectations, this will directly, negatively, and materially affect the Issuer's business, results of its operations, financial condition, and prospects.

5-3-9 Risks associated with contracts and transactions with related parties

In the course of its business, the Issuer enters into transactions and contracts with related parties, including entities owned by Substantial Shareholders in the Issuer or in the Subsidiary, companies controlled by one or some members of the Board of Directors, an affiliate, and joint ventures. These transactions and contracts mainly consist of revenue-generating lease contracts with some related parties, and other transactions such as: purchases, collections, proxy payments, and administrative fees. Revenues from lease contracts with related parties amounted to





approximately SAR 3.5 million, SAR 9.2 million, SAR 10.0 million and SAR 6.0 million during the fiscal years 2021, 2022, 2023 and the six-month period of 2024G, respectively, representing a percentage of 18.5%, 16.7%, 16.3% and 17.9% of rental revenues during the fiscal years 2021G, 2022G, 2023G and the six-month period of 2024G, respectively (for more details, please see Subsection No. (4-12) «**Contracts with Related Parties**» and Subsection (4-21-13) «**Contracts with Related Parties in the Subsidiary**» of Section No. (4) «**Legal Information and Declarations of Board Members**» and Subsection No. (5-7-2-10) «**Related Parties' Balances**» and Subsection (5-8-2-9) «**Related Parties' Balances**» and (5-7-1-2) «**Rental Revenues**» and (5-8-1-2) «**Rental Revenues**» from Section No. (5) «**Financial Information and Management's Discussion and Analysis**» in this Document). As of the date of this Document, the Issuer confirms that all transactions and contracts currently in place with related parties are carried out on purely commercial grounds, without any advantages or preferential terms. Concluding agreements with related parties on purely non-commercial grounds may have a negative impact on the Issuer's business, reputation and financial condition. All of the Issuer's transactions with related parties are approved in the announced general assemblies, but there is no guarantee or assurance that the Issuer will obtain approval of the general assembly for transactions with related parties in the future. If the General Assembly does not approve transactions with related parties, this will have a negative and material impact on the Issuer's performance, operations and financial condition. Given the Issuer's partial reliance on its dealings with related parties, it may result in their expiration or termination, or the Issuer's inability to renew those contracts, or the inability to obtain the approval of the shareholders' assembly for them, which would have a negative and material impact on the Issuer's business, revenues, and profitability, its financial condition, results of operations and prospects.

5-3-10 Risks Associated with the Acquisition Transaction

On December 23, 2021G, the Issuer increased its ownership in Al-Aziza Real Estate Investment and Development Company (a Saudi closed joint stock company) from 42.5% to 46.042% by purchasing an additional (35,416) shares representing 3.542% of the shares of Al-Aziza Real Estate Investment and Development Company, pursuant to which control was achieved and it became a subsidiary of the Issuer. The transaction was concluded for an amount of SAR 8.9 million, which means that the subsidiary was valued at SAR 250 million, with the value of each share being SAR 250, although the net book value of the subsidiary as of December 31, 2021G amounted to SAR 280 million, with the value of each share being SAR 280, as the shares were purchased in the transaction at a discount of 12% of the net book value through negotiations between the parties. It is worth noting that the investment properties of the subsidiary are subject to periodic independent valuation, and they have been recorded on a fair value basis in the financial statements. If the Issuer decides in the future to acquire an additional stake in the subsidiary or to acquire shares in other companies based on book value, this may impact the Issuer's operating results, prospects, and financial condition.



5-4 Basis of preparation and consolidation

5-4-1 Basis for preparing financial statements

The consolidated financial statements for the fiscal years ended December 31, 2021G, 2022G and 2023G of the Issuer and its Subsidiary (collectively referred to as «**the Issuer and its Subsidiary**») have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by SOCPA (collectively referred to as «**IFRS**»). The interim condensed financial statements for the six-month period ended June 30, 2023G and 2024G and the accompanying notes for the Issuer and its Subsidiary (collectively referred to as «**the Issuer and its Subsidiary**») have been prepared in accordance with International Accounting Standard No. (34) «**Interim Financial Reporting**» as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by SOCPA.

The consolidated financial statements have been prepared in accordance with the historical cost principle on an accrual basis of accounting, with the exception of financial assets carried at fair value through profit or loss and other comprehensive income, which are measured at fair value, and employees' benefits obligations, which are recognized at the present value of future obligations according to the expected unit credit method.

The consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Issuer. All amounts have been rounded to the nearest currency unit, unless otherwise stated.

5-4-2 Basis for consolidation of financial statements

The consolidated financial statements include the financial statements of the Issuer and its Subsidiary. Control is achieved when the Issuer and its Subsidiary are exposed to risks, or have rights to obtain variable returns from its relationship with the investee, and have the ability to influence returns by exercising its powers over the investee. Specifically, the Issuer and its Subsidiary control an investee only when the Issuer and its Subsidiary have:

- * Control over the investee company (i.e. the existence of rights to grant the Issuer and its Subsidiary the current ability to direct the company's related activities invested in).
- * Exposure to risks, or has rights to obtain variable returns through its relationship with the investee company.
- * The ability to use its power over the investee company to influence its returns.

In general, there is an assumption that a majority of voting rights results in control. In support of this presumption, when the Issuer and its Subsidiary have less than a majority of voting rights or similar rights in the investee, the Issuer and its Subsidiary take into account all relevant facts and circumstances when determining whether they exercise control over the investee, including:

- * Contractual arrangement (contractual arrangements) with other voting rights holders in the investee.
- * Rights arising from other contractual arrangements.
- * The voting rights of the Issuer and its Subsidiary and potential voting rights.





The Issuer and its Subsidiary conduct a reassessment to ascertain whether or not it exercises control over the investee company when facts and circumstances indicate a change in one or more of the three elements of control. Consolidation of a Subsidiary begins when the Issuer gains control of the Subsidiary and ceases when the Issuer ceases to exercise such control. The 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 control is transferred to the Issuer until such control ceases.

Profit or loss and each item of other comprehensive income relate to the shareholders of the Issuer's parent and the non-controlling interest even if this results in the balance of the non-controlling interest being a deficit. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policy into line with that of the Issuer. All intervening assets and liabilities, as well as equity, revenues, expenses, and cash flows related to transactions between companies of the Issuer, are eliminated in their entirety when the financial statements are consolidated.

Any change in ownership interests in a Subsidiary, without a loss of control, is considered an equity transaction.

If the Issuer loses control over the Subsidiary, it ceases to recognize the assets (including goodwill), liabilities, non-controlling interests, other items and other components of equity, while all resulting gains or losses are recognized in profit or loss. Held investments are recognized at fair value.

Non-controlling interests represent the results and equity of a Subsidiary not held by the Issuer and are presented separately in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statement of financial position separately from equity attributable to the shareholders of the Issuer.

5-5 Summary of accounting policies

The following are the significant accounting policies applied by the Issuer and its Subsidiary in preparing the consolidated financial statements. These policies have been applied consistently to all years presented, unless otherwise stated.

5-5-1 Business combination processes

Business combinations, except for business combinations involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured by the total consideration transferred, which is measured at fair value at the acquisition date, and the amount of non-controlling interest in the acquired company. For each business combination, the Issuer decides whether the non-controlling interest in the acquiree should be measured at fair value or at its proportionate share of the net identifiable assets of the acquiree. Acquisition costs incurred are recorded as expenses and included in general and administrative expenses.

When an Issuer acquires a business, the financial assets and liabilities that have been committed for are estimated for their appropriate classification and allocation in accordance with the contractual terms, economic conditions and conditions prevailing at the date of acquisition. This



includes the separation of derivatives included among other financial instruments in the main contracts by the acquiring company.

If the business combination is carried out in stages, the previously owned interest is remeasured at fair value at the date of acquisition, and any resulting gains or losses are included in profit or loss and are then taken into account when determining goodwill.

The contingent consideration to be transferred by the acquiring company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or a liability, will be recognized in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured, and any amount paid later will be accounted for within equity.

Goodwill is originally measured at cost, which represents the excess of the total consideration transferred and the amount of non-controlling interests recognized, as well as any previously held interests, over the net identifiable assets acquired and liabilities assumed. In the event that the fair value of the net assets acquired exceeds the total consideration transferred, the Issuer will re-estimate to ensure that it correctly identifies all the assets acquired and all the liabilities that have been pledged, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If this re-evaluation results in an increase in the fair value of the net assets purchased over the total consideration transferred, the gains are recognized in profit or loss. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of testing for impairment, the goodwill purchased upon business combination is subsequently allocated - as of the acquisition date - to each unit or group of cash-generating units that is expected to benefit from the acquisition, regardless of whether other assets or liabilities are allocated to those units.

When goodwill is considered part of the cash-generating unit and part of the operation within the disposed unit, then the goodwill related to the disposed operation is included in the carrying amount of the unit when determining the gain or loss on disposal of the operation. Goodwill disposed of in such cases is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

For business combinations involving entities under common control, the assets and liabilities of the combined entities are stated at their carrying value. Adjustments are made to the book value in order to include any differences resulting from differences in the accounting policies used by the merged entities. No goodwill or profits resulting from the business combination are recognized and any difference between the consideration paid/transferred and the equity acquired is recognized in the equity of the Issuer. The consolidated statement of income and other comprehensive income reflects the results of the combined entities since the date on which the consolidation occurred.

5-5-2 Classification of assets and liabilities as current and non-current

The Issuer and its Subsidiary present assets and liabilities in the consolidated statement of financial position, as current/non-current. Assets are considered current as follows:





- * When it is expected to be realized or intended to be sold or consumed during the operations cycle
- * If acquired primarily for trading purposes,
- * When expected to be achieved within twelve months after the financial period, and
- * When it is cash and cash equivalents, unless there are restrictions on its exchange or use to settle any liabilities for a period of not less than twelve months after the financial period.

All other assets are classified as non-current assets.

Liabilities are considered current as follows:

- * When expected to be paid during the normal cycle of operations,
- * If acquired primarily for trading purposes,
- * When repayment is due within twelve months after the financial period, and
- * When there is no unconditional right for the entity to postpone payment of liabilities for a period of not less than twelve months after the financial period.

All other financial liabilities are classified as non-current liabilities.

5-5-3 Fair value measurement

Fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is determined on the assumption that the transaction to sell the asset or transfer the liability may take place either:

- * In the primary market for the asset or liability, or
- * In the absence of a primary market, in the most advantageous market for the asset or liability.
- * The primary or most advantageous market must be accessible to the Issuer.

The fair value of assets or liabilities is measured on the assumption that market participants will benefit when pricing assets and liabilities and that they seek to achieve their best economic interests.

Measuring the fair value of non-financial assets takes into account the ability of market participants to achieve economic benefits through the best and maximum use of the asset or selling it to other market participants who use the asset in the best and maximum way.

The Issuer uses valuation methods that are appropriate in the circumstances, for which sufficient data are available to measure fair value, maximize the use of observable inputs and minimize the use of unobservable inputs.

All assets and liabilities that are measured at fair value or disclosed in the consolidated financial statements are classified within a hierarchy of fair value levels. Listed below and on the basis of the lowest level inputs that are significant to the fair value measurement as a whole:



First Level

Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Second Level

Valuation methods that consider the lowest level inputs that are significant to the fair value measurement to be observable, directly or indirectly.

Third level

Valuation methods that consider the lowest level inputs that are significant to the fair value measurement to be unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Issuer confirms whether transfers have occurred between the fair value hierarchy by reassessing the classification (based on the lowest level inputs that are significant to the fair value measurement as a whole) at the end of each financial period.

5-5-4 Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing parts of the property and equipment if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Issuer and the cost of the item can be measured reliably. Major renewals are depreciated over the remaining useful life of the asset or until the date of the next major renewal, whichever is earlier. Repair and maintenance costs are charged to profit or loss during the period in which they are incurred. Financing costs related to borrowings to finance the construction of qualifying assets are capitalized during the year necessary to complete and prepare the assets for their intended purpose.

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

Table 38: Useful lives of property and equipment

Category	Years
Buildings	40
Electrical Appliances and Air Conditioning	10
Cars	4
Computers	4
Furniture and Fixture	10-4
Tools	8-7

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2023G





Any item of property and equipment and any significant part that was initially recognized are derecognised upon disposal (i.e. when control is transferred to the receiving party), or when there are no future benefits expected from its use or disposal. Any gains or losses resulting from derecognition of any asset (which are calculated as the difference between the net disposal proceeds and the book value of the asset) are included in the consolidated statement of income when the asset is derecognised.

The residual value, useful lives and depreciation methods of property and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

Capital works in progress

Capital work-in-progress at the end of the year includes certain assets that have been acquired or constructed but are not ready for their intended use. Capital work-in-progress is recorded at cost less any recorded impairment. These assets are transferred to the relevant asset classes and depreciated when they become ready to use.

5-5-5 Investment properties

Investment properties are properties that are acquired for the purposes of earning rental income or capital development, or both, in addition to those that are acquired for unspecified future uses as investment properties, but not for the purpose of sale within the normal course of business and uses in the field of production or supply of goods or services for administrative purposes. Investment properties include investments in properties owned within the Kingdom of Saudi Arabia and are initially measured at cost. Cost includes expenses directly related to the purchase of items. After initial recognition, investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any.

Investment properties are depreciated on a straight-line basis over the estimated useful lives of the related assets. Its useful life extends to 50 years. Land and capital work in progress are not depreciated.

Investment properties are either disposed of when sold or permanently withdrawn from use and no future economic benefits are expected.

Real estate is converted from investment property to property and equipment only when there is a change in use. Classification must occur when there is evidence that a change in use is occurring and not merely a change in management intentions. Such transfers are made according to the book value of the properties on the date of transfer.

The residual value and useful lives of investment properties and indicators of impairment are reviewed at the end of each financial year and adjusted prospectively, when necessary.

Regular maintenance and repair expenses that do not materially extend the estimated useful life of the assets are recognized in the statement of profit or loss when incurred.



5-5-6 Intangible assets

Intangible assets other than independently acquired goodwill are measured at cost on initial recognition. After initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Internally produced assets are not capitalized (excluding capitalized development costs) and the related expenses are shown in profit or loss in the period in which they are incurred.

Intangible assets with finite useful lives are amortized over their economic useful life as follows:

Table 39: Useful lives of intangible assets

Category	Years
Computer programs	6-4

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2023G.

The residual values of intangible assets with finite useful lives, their useful lives and indicators of impairment are reviewed at the end of each fiscal year and assessed for impairment if there is an indication that the intangible asset may be impaired. Changes in the expected useful life or the expected pattern of depreciation of future economic benefits embodied in the asset are calculated by adjusting the amortization period or method, as appropriate, and are treated as changes in accounting estimates and adjusted prospectively, when necessary.

Amortization expense for intangible assets with finite lives is included in the statement of profit or loss and other comprehensive income under an expense category consistent with the function of the intangible assets. Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditures will flow to the Issuer and the expenditures can be measured reliably. Gains or losses arising from the derecognition/recognition of an intangible asset are measured as the difference between the net sale proceeds and the carrying amount of the asset and are included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

5-5-7 Investment in an associate and joint ventures

Associates are those companies over which the Issuer exercises significant and major influence. Significant influence is the ability of the Issuer to participate in the financial and operating decisions of the investee but is not control or joint control over those policies. The considerations needed to determine whether significant influence or joint control exists are the same as those necessary to determine control over subsidiaries.

A joint venture is a form of joint arrangement under which the Issuer has joint control of the arrangement and has rights to the net assets of the joint arrangement.

Joint control is a jointly controlled contractual arrangement that exists when decisions about activities require unanimous consent of the parties sharing control. The considerations in





determining significant influence and joint control are retaining, directly or indirectly, a proportion of the voting power of the investee, representation on the Board of Directors or similar governance bodies of the investee, and participation in policy making, including participation in relevant decisions. Dividends or other distributions, material transactions between the Issuer and the investee, the exchange of administrative personnel or the provision of basic technical information.

The Issuer's investment in the associate or joint venture is accounted for using the equity method.

According to the equity method, the investment in the associate or joint venture is initially recorded at cost in the statement of financial position and this cost is adjusted.

Subsequently, the Issuer's share of the profit or loss and other comprehensive income of the associate or joint venture is recognized, less any impairment in the value of the net investment.

When the Issuer's share of the losses of the associate or joint venture exceeds its ownership in the associate or joint venture (which includes any long-term ownership interests that substantially form part of the Issuer's net investment in the associate or joint venture), the Issuer stop recognizing its share of additional losses. Additional losses are only recognized and included as liabilities to the extent that the Issuer has legal or contractual obligations or has made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently records profits, the Issuer will resume recording its share of these profits only when its share of profits equals its share of unrecorded losses.

The Issuer's investment in the associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture.

Upon acquisition of the investment in the associate or joint venture, any excess of the cost of the investment over the Issuer's share in the net fair value of the identifiable assets and liabilities of the investee is recorded as goodwill and included in the carrying value of the investment and is not amortized or its value tested independently.

Any excess of the Issuer's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture over the cost of the investment after revaluation is recognized immediately in the statement of profit or loss in the year in which the investment is acquired.

The Issuer ceases to use the equity method from the date on which the investment ceases to be an associate or joint venture, or when the investment is characterized as held for sale. In this case, the investment is recognized at fair value, and any difference between the book value of the associate or joint venture and the fair value after converting it into an investment and the proceeds of disposal is recognized in the income statement.

When an Issuer reduces its interest in an associate or joint venture and the Issuer continues to apply the equity method, the Issuer must reclassify the gain and loss previously recognized in other comprehensive income related to that decrease in the profit and loss statement, if this classification was profit and loss. Includes elimination of related assets or liabilities.



After applying the equity method, the Issuer determines whether it is necessary to recognize an impairment loss on its investment in associates. At the date of preparing each financial statements, the Issuer determines whether there is objective evidence of a decline in the value of the investment in the associate or joint venture. When such evidence exists, the Issuer calculates the amount of impairment as the difference between the recoverable value of the associate and its book value and records the loss in the statement of profit or loss and comprehensive income.

Unrealized gains or losses arising from transactions between the Issuer and the associate or joint venture are eliminated to the extent of the Issuer's interest in the associate or joint venture. The Issuer's share in the results of the associate or joint venture is presented in the income statement after operating profits or losses.

The financial statements of associates or joint ventures are prepared for the same reporting period as the Group, and when necessary, adjustments are made to bring the accounting policies into line with those of the Issuer.

5-5-8 Financial instruments

A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument for another entity.

(1) Recognition, classification and presentation

Financial instruments are recognized in the statement of financial position when the Issuer becomes a party to the contractual provisions of the financial instrument.

The Issuer determines the classification of its financial instruments at initial recognition.

The Issuer classifies its financial assets into the following categories:

- a- Financial assets at fair value (either through other comprehensive income or profit or loss), and
- b- Financial assets carried at amortized cost.

This classification is based on the Issuer's business model for managing the financial assets and the contractual terms of the cash flows. The Issuer has not classified all non-derivative financial liabilities at amortized cost.

(2) Measurement

Initial measurement

Financial assets and financial liabilities are originally measured at fair value plus transaction costs that are directly related to the acquisition or disposal or deduction, as appropriate, of the financial assets and financial liabilities (unlike financial assets and financial liabilities carried at fair value for which transaction costs are directly attributable to the acquisition or disposal of the financial assets or financial liabilities which are recognized directly in the statement of profit or loss and other comprehensive income).





Subsequent measurement of financial assets

Subsequent measurement of non-derivative financial assets depends on their classification shown below:

a- Financial assets measured at amortized cost

Assets acquired to collect contractual cash flows, for which the cash flows represent solely payments of principal and commission, are measured at amortized cost using the effective commission method. Commission income from these financial assets are included in financing income.

Trade receivables are initially recognized at the amount of unconditional consideration unless they contain a significant financing component when recognized at fair value. The Issuer holds receivables with the aim of collecting contractual cash flows and therefore subsequently measures them at amortized cost using the effective commission rate method.

Financial assets at amortized cost of the Issuer include cash and cash equivalents, trade receivables, other financial assets and amounts due from related parties.

b- Financial assets carried at fair value through profit or loss

Financial assets measured at fair value through profit or loss are remeasured at fair value at each financial statement date without deducting transaction costs that the Issuer may incur when selling or disposing of the financial asset in the future.

The Issuer has designated exchange-traded securities and managed funds as fair value through profit or loss.

c- Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are remeasured at fair value at each financial statement date. Transaction costs that may be incurred when the financial asset is disposed of in the future are not deducted.

When a financial asset is derecognised, the cumulative fair value adjustments recognized in other comprehensive income are reclassified to profit or loss. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in the case of equity instruments.

The recognition and presentation of gains and losses for each measurement category is as follows:

Table 40: Recognition and presentation of gains and losses for each measurement category

Measurement Category	Recognition, Presentation Profits and Losses
Amortized cost	The following items are recognized in profit or loss: • Commission income using the actual commission method, • Expected credit losses and reversals, and • Foreign currency translation gains and losses. When a financial asset is derecognised, the gain or loss is derecognised in profit or loss.



Measurement Category	Recognition, Presentation Profits and Losses
Fair value through other comprehensive income	Gains and losses are recognized in other comprehensive income, except for the following items, which are recognized in the statement of profit or loss in the same manner as financial assets measured at amortized cost: • Commission income using the actual commission method, • Expected credit losses and loss reversals, and • Foreign currency translation gains and losses.
Presentation of gains or losses in other comprehensive income	Gains and losses are recognized in other comprehensive income. Dividends are also recognized in profit or loss, unless they clearly represent a repaid portion of the investment cost. Amounts recognized in other comprehensive income are not reclassified to profit or loss under any circumstances.
Fair value through profit or loss	Gains and losses, whether upon subsequent measurement or derecognition, are recognized in profit or loss.

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2023G.

Subsequent measurement of financial liabilities

a. Amortized cost

After initial recognition, financial liabilities are measured at amortized cost calculated using the effective commission method, except for the following liabilities:

- 1- Measured at fair value through profit or loss,
- 2- That arise when the transferred financial assets are not eligible for derecognition or are accounted for using the continuing association method,
- 3- Which represent commitments to grant loans at rates lower than prevailing commission rates in the market and not measured by fair value through profit or loss,
- 4- Which represent financial guarantee contracts, and
- 5- The potential consideration recognized by the acquiring company in a business combination to which IFRS 3 applies.

This potential consideration is subsequently measured at fair value, with changes in profit or loss recorded.

Gains or losses on financial liabilities measured at fair value are recognized in profit or loss. The only exception is for gains and losses on certain financial liabilities designated at fair value through profit or loss when the entity must present the effects of changes in the credit risk of the liability in other comprehensive income.

The Issuer's financial liabilities include loans, receivables, other credit balances and amounts due to related parties.

b. Financial liabilities carried at fair value through profit or loss

Financial liabilities that fall under this category include:

- 1- Liabilities acquired for trading purposes, and
- 2- Liabilities designated at fair value through profit or loss.





After initial recognition, the Issuer measures financial liabilities at fair value and recognizes changes in profit or loss.

Gains or losses on financial liabilities designated at fair value through profit or loss are generally divided and presented as follows:

- 1- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of those financial liabilities is presented in other comprehensive income, and
- 2- The remaining amount of the change in the fair value of financial liabilities is presented in profit or loss.

c. Liabilities other than financial liabilities carried at fair value through profit or loss

Financial liabilities are measured at amortized cost using the effective commission rate. The proceeds from debt issuance are adjusted over the life of the debt so that the book value at maturity is the amount to be repaid at maturity.

3- Financial assets impairment

At each financial reporting date, the Issuer assesses the likelihood that there is objective evidence that a financial asset or group of financial assets is impaired. Impairment occurs when one or more events occur if the initial recognition of the asset has an impact on the estimated future cash flows from the financial asset or a group of financial assets that can be measured reliably.

IFRS 9 requires an entity to apply a model to measure expected credit losses in relation to impairment of financial assets.

A credit event does not have to occur in order for credit losses to be recognized. Instead, using the expected credit loss model, an entity calculates expected credit losses and changes as at each financial reporting date. ECL is measured and provisioned for either at an amount equal to (a) 12-month ECL or (b) long-term ECL. If the credit risk of a financial instrument has not increased significantly from inception, then a provision is created equal to the 12-month expected loss. In other cases, an allowance must be made for long-term credit losses.

For trade receivables, the Issuer applied the simplified method in accordance with the standard and calculated credit losses according to expectations of credit losses over the life of the financial assets, whereby: the Issuer created a provision matrix based on the Issuer's past experience with credit losses, and adjusted for future factors specific to the debtors and the economic environment.

Except for financial assets through other comprehensive income, the carrying value of the asset is reduced through the use of an allowance account and the amount of the loss is included in the statement of profit or loss. Interest income continues on the reduced carrying amount using the interest rate used to discount future cash flows for the purpose of measuring the impairment loss. Loans are written off with the provision associated with loans when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Issuer.

As for financial assets that are measured through other comprehensive income, the loss allowance is recorded in the statement of other comprehensive income and accumulated in the investment



revaluation reserve, and does not reduce the book value of the financial asset in the statement of financial position. In all cases, if in a subsequent year the amount of the estimated impairment loss increases or decreases due to an event that occurred after the impairment loss was recorded, the previously recorded impairment loss will be increased or reduced by adjusting the allowance account. If a write-off is subsequently reversed, the recovery to finance costs is credited to profit or loss.

Financial de-recognition of Assets

Financial assets are derecognised from the statement of financial position when the rights to receive or transfer cash flows from the financial assets expire or when all risks and rewards associated with ownership are transferred. The difference between the book values is recognized in profit or loss.

Financial de-recognition of liabilities

Financial liabilities are derecognised when the relevant obligation is paid, cancelled or expires.

4- Financial instruments offsetting

Financial assets and liabilities are offset and listed net in the statement of financial position only when there is a legally binding right to offset the amounts that have been proven, and when there is an intention to settle the assets with the liabilities on a net basis or sell the assets and pay the liabilities simultaneously.

5-5-9 Cash and cash equivalents

Cash and cash equivalents appearing in the consolidated statement of financial position consist of bank balances, cash on hand and bank deposits, which are subject to an insignificant risk of changes in value. Cash and cash equivalents that are subject to bank restrictions and are not available for use are excluded from cash and cash equivalents for the purpose of preparing the statement of cash flows.

5-5-10 Land Held for Sale

Available for sale lands is measured at cost or net realizable value of sale, whichever is lower, and the cost is determined on a weighted average cost basis.

The cost of Available for sale lands includes the net purchase value and other direct expenses related to the purchase cost. Net realizable value consists of the estimated selling price less the costs necessary to complete the sale.

5-5-11 Prepaid expenses

Prepaid expenses are recognized if payment is made before the right to receive services is obtained and are measured in nominal amounts. They are also derecognised and charged to the statement of profit or loss and other comprehensive income, either over time or through use and amortization.





Prepaid expenses are included in current assets, except when the goods and related services are expected to be received and provided more than twelve months after the end of the reporting period, in which case, such assets are classified as non-current assets.

5-5-12 Employee benefits

a) Defined benefit programs

The Issuer offers a defined benefit plan to employees in accordance with the Labor Law of the Kingdom of Saudi Arabia, where the Issuer's net obligation in relation to defined benefit programs is calculated by estimating the amount of future benefits earned by the employee in the current and prior periods and deducting that amount.

Defined benefit liabilities are calculated annually by a qualified actuary using the projected unit credit method, which takes into account the provisions of the Labor Law in the Kingdom of Saudi Arabia and the policy of the Issuer.

The defined benefit liabilities are remeasured periodically by independent actuaries using the projected unit credit method. The present value of the defined benefit liabilities is determined by discounting the estimated future cash outflows. Net commission cost is calculated by applying the discount rate to the net defined benefit obligation balance and the fair value of the program assets.

Defined benefit liabilities are costed using actuarially determined retirement costs at the end of the previous year, adjusted for significant market fluctuations and any significant one-time events such as program modifications, workforce reductions, and reimbursements. In the absence of such significant market fluctuations and one-time events, the actuarial liabilities are rolled over based on the assumptions at the beginning of the year. If there are significant changes in assumptions or arrangements during the initial period, they are considered to remeasure these obligations and related costs.

Remeasurement of the net defined benefit plan liability consisting of actuarial gains and losses is recognized directly in other comprehensive income. The Issuer calculates net interest by applying the discount rate used to measure the net defined benefit obligation or asset. Net interest expense and other related expenses for defined benefit plans are recognized in profit or loss.

When the benefits of a program change or when the duration of the program is reduced, the resulting change in benefit related to previous service or gains or losses from the reduction is recorded immediately in profit or loss.

b) Short-term employee benefits

The liability is recognized for benefits accrued to employees related to wages and salaries, including non-cash benefits, annual leave, sick leave and travel tickets during the period in which the related service is provided, as well as the undiscounted amount of benefits expected to be paid in exchange for that service on the basis that the related service may It has been performed. Liabilities recognized for short-term employee benefits are measured at the undiscounted amount expected to be paid for the service provided.



c) Post-employment benefits

The Issuer pays retirement contributions for its Saudi employees to the Social Insurance Organization, represents a defined contribution plan and payments are considered expenses when incurred.

5-5-13 Zakat

The Issuer is subject to Zakat according to the regulations of the Zakat, Tax and Customs Authority («the Authority»). The Zakat provision is charged to profit or loss. Additional amounts due, if any, when the final assessment is issued are accounted for when determining these amounts.

5-5-14 Provisions

Provisions are recognized when the Issuer has a present obligation (legal or expected) as a result of past events, it is probable that resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. In cases where the Issuer expects to recover some or all of the provisions, for example under an insurance contract, refunds are recognized as a separate asset only when the refund is actually certain. The expense related to the provision is recognized in the consolidated statement of comprehensive income, net of any refunds.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a current pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recorded as a financing cost in profit or loss.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that the required external resources embodying economic benefits will flow to settle the obligation, the provision is reversed.

5-5-15 Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements but are disclosed when they are likely to generate economic benefits. An evaluation is made, at the date of preparing each financial statement, to establish contingent liabilities, which represent contingent liabilities resulting from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Issuer.

5-5-16 Loans

Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the recovered amount is recognized in profit or loss over the term of the loans using the effective interest rate method. Fees paid to obtain loan facilities are recognized as transaction costs for the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the withdrawal occurs. To the extent that there is no evidence that some or all of the facilities are likely to be drawn, fees are capitalized as prepaid expenses for liquidity services and are amortized over the term of the facility to which they relate.





Loans are disposed from the statement of financial position when the obligation specified in the contract is fulfilled, cancelled or expired. The difference between the carrying amount of financial liabilities amortized or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or as finance costs.

Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the financial reporting period.

Borrowing costs consist of interest and other costs incurred by an entity in connection with borrowing money. Borrowing costs directly attributable to the construction of an asset are capitalized using a capitalization rate up to that point when the work necessary to prepare the qualifying asset for its intended purpose is actually completed and thereafter such costs are charged to profit or loss. In the case of specific loans, all such costs are directly attributable to the acquisition, construction or production of an asset that requires a significant period of time to prepare it for its intended purpose or for sale, such costs are capitalized as part of the cost of the relevant asset. All other borrowing costs are expensed in the period in which they occur.

5-5-17 Revenues

Revenues arising from contracts are recognized and measured in accordance with the requirements of applying International Financial Reporting Standard No. (15), unless these contracts are within the scope of other standards, where revenues are included in the amount that reflects the price that the entity expects to receive in exchange for services to the customer.

Revenue is measured based on the compensation specified in the contract with the customer and excludes amounts collected on behalf of other parties. The Issuer recognizes revenue when it transfers control of the products or services provided to the customer.

IFRS 15 is applied where the Issuer recognizes revenue from contracts with customers based on the following five steps:

- 1- Defining the contract with the customer: A contract is an agreement between two or more parties that results in mandatory rights and obligations and explains the standards that must be met for each contract.
- 2- Specifying the performance obligations in the contract: A performance obligation is a promise to the customer according to the contract in order to transport goods or provide services to the customer.
- 3- Determining the transaction price: The transaction price is the price expected from the Issuer in exchange for the transfer of goods or services agreed upon with the customer, excluding amounts collected on behalf of third parties.
- 4- Distribution of the transaction price among the performance obligations in the contract: For a contract that contains more than one performance obligation, the Issuer distributes the transaction price to each performance obligation in the amount of the estimated price expected to be collected from the goods or services in exchange for performing the performance obligation.



5- Revenue is recognized upon (or were) the entity satisfies the performance obligation.

The Issuer satisfies the performance obligation and recognizes revenue over the term of the contract if it meets any of the following requirements:

- * The client obtains the benefits resulting from the Issuer's performance and consumes those benefits at the same time, or
- * The Issuer's performance results in the creation or improvement of an asset under the customer's control at the time of the improvement or creation, or
- * The Issuer's performance of the obligation is not an asset for other uses of the group, and the group also has the right to collect the amount for the completed performance to date that is enforceable.

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied. When an Issuer satisfies a performance obligation by providing promised goods or services, the Issuer creates an asset based on the contract in exchange for the price it received for the performance. If the amount of the price invoiced to the customer exceeds the amount of revenue included, this increases the contract obligation. Revenue is measured at the fair value of the consideration received or receivable, taking into account specified contractual payment terms.

Revenue is included in profit or loss to the extent that the economic benefits expected to flow to the Issuer and the revenue and costs, where applicable, can be measured reliably.

The Issuer's revenues represents:

Rental income

Revenue is recognized as described above and rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. The initial direct costs incurred or incentives resulting from negotiating and arranging an operating lease are added and considered as an integral part of the book value of the lease and recognized on a straight-line basis throughout the term of the lease.

Revenues from the sale of land and real estate

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Issuer and significant risks and title have been transferred to the buyer, which is assessed at the time the legal aspects of an unconditional sale or exchange are completed. Revenue is measured at the fair value of the consideration received.

5-5-18 Foreign currency translation

Foreign currency transactions are originally translated by the Issuer at the spot rates of the functional currency designated on the date on which the transaction first becomes eligible for recognition. Monetary assets and liabilities recorded in foreign currencies are retranslated at spot conversion rates of the functional currency at the date of preparing the financial statements.





Differences resulting from payment or transfer of cash items are recognized in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rates ruling at the date when the fair value is determined. Gains or losses resulting from the translation of non-monetary items measured at fair value are treated in accordance with the recognition of gains or losses resulting from a change in the fair value of the item (i.e., translation differences resulting from items for which fair value gains or losses are recognized in comprehensive income other comprehensive income or profit or loss, are also recognized in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rates used when initially recognizing the related assets, expenses or revenues (or part thereof) when non-monetary assets or non-monetary liabilities related to advance consideration are derecognised, the transaction date is the date on which the entity originally recognized the non-cash assets, or non-cash liabilities arising from advance consideration. In the case of multiple payments made or received in advance, the Issuer shall designate the transaction date on which the consideration in advance was received or paid.

5-5-19 Impairment of non-financial assets

At the date of preparing each financial statement, the Issuer conducts an assessment to determine whether there is any evidence of impairment of an asset. If such evidence exists or when annual impairment testing is required, the Issuer estimates the recoverable amount of that asset. Recoverable amount represents the higher of the fair value of an asset or cash-generating unit less costs of disposal and value in use. An asset's recoverable amount is determined unless the asset generates cash flows that are largely independent of cash flows from other assets or groups of assets. If the carrying value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and reduced to its recoverable amount.

When estimating present value, the estimated future cash flows are discounted to their present value using a discount rate that reflects market assessments of the time value of money and the risks inherent in the asset. When determining the fair value less disposal costs, the latest market transactions are taken into account. If it is not possible to determine such coefficients, appropriate evaluation methods are used. These calculations are supported by valuation multiples, quoted stock prices of listed companies, and other available indicators of fair value.

Impairment losses from continuing operations are recognized in the consolidated statement of comprehensive income within expense categories and in line with the function of the impaired asset, with the exception of previously revalued properties where the revaluation is added to other comprehensive income. In such a case, a decrease in fair value is also recognized in other comprehensive income until it reaches the previous revaluation amount.

For assets other than goodwill, an evaluation is performed at the date of preparing each financial statements to ensure that there is evidence that previously recognized impairment losses do not



exist or decrease. If such evidence exists, the Issuer estimates the recoverable amount of the asset or cash-generating unit. Previously recognized impairment losses are reversed only if there has been a change in the assumptions used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount nor the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized in prior years. This reversal is recognized in the consolidated statement of comprehensive income unless the asset is recorded at the revaluation amount, in which case the reversal is considered a revaluation increase.

5-5-20 Lease contracts

The determination of whether an agreement its content or itself a lease is based on the substance of the agreement at the commencement date of the contract. The agreement is evaluated to determine whether fulfillment of the agreement depends on the use of an asset or assets or whether the agreement transfers the right of use asset or assets even if the asset or assets are not explicitly identified in the agreement.

The Issuer as lessee

Assets and liabilities related to leases that meet the requirements of IFRS 16 are recognized, if any, as each lease payment is allocated between the liabilities and the financing cost. The financing cost is charged to the profit and loss over the lease period so that a fixed periodic commission rate is achieved on the remaining balance of the liability for each period.

The right to use asset is depreciated at cost, which includes the following:

- * The initial measurement amount of the lease liability.
- * Any lease payments made on or before the contract start date less any lease incentives received.
- * Renewal costs, if any.

Lease liabilities include the net present value of the following lease payments:

- * Fixed payments (including fixed payments at the core) less any lease incentives receivable.
- * Variable lease payments based on an index or rate, if available.
- * Amounts expected to be paid by the lessee under residual value guarantees.
- * The exercise price of the purchase option if the lessee is reasonably certain to exercise such option, if any.
- * Penalty payments for terminating the lease, if the lease term reasonably reflects the tenant's exercise of that option, if any.

Lease payments are discounted using a graduated borrowing rate, which represents the rate a lessee would pay to borrow the funds needed to acquire an asset of a similar value in a similar economic environment on similar terms and conditions.





Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit and loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are renegotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but the leased assets may not be used as collateral for borrowing purposes. There is no impact on the Issuer of applying IFRS 16 as the Issuer's existing leases are considered short-term leases with lease terms of 12 months or less.

The Issuer as lessor

Lease receivables under operating leases are recognized in the consolidated statement of profit or loss on a straight-line basis over the relevant lease term.

5-5-21 Expenses

Expenses are recognized when incurred on the accrual basis of accounting. General and administrative expenses include costs that do not specifically form part of the direct cost of revenue. Other common expenses are distributed between cost of revenue and general and administrative expenses on a fixed basis when necessary.

5-5-22 Value Added Tax

Revenues, expenses and assets are recognized after deducting the value-added tax amount, except in the following cases:

- * If the VAT incurred in connection with 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 purchasing the asset or as part of the expense of the item, where applicable, and
- * When receivables and payables are shown, including the transaction tax amount.

The net amount of VAT recoverable from or payable to the tax authorities is included as part of the debtors or creditors balances in the consolidated statement of financial position.

5-5-23 Earnings per share

The Extraordinary General Assembly, at its meeting held on 25/11/1444H (corresponding to 14/06/2023G), approved the division of the Issuer's shares from 20 million ordinary shares with a nominal value of (10) Saudi riyals each to 200 million ordinary shares with a nominal value of (1) Saudi riyal. per share, and this did not result in a change in the value of the Issuer's capital.

Basic and diluted earnings per share were calculated by dividing the net income attributable to Issuer's shareholders of the issuer for the years ending December 31, 2023G and 2022G and for the six month period ending on June 30 2024G by 200 million ordinary shares.

Diluted earnings per share are calculated by dividing the profit attributable to Issuer's shareholders of the Group (after adjusting for interest on convertible preferred shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued upon conversion of all potentially dilutive ordinary shares into ordinary shares.



Since the Issuer does not have any convertible shares, basic earnings per share equals diluted earnings per share.

5-5-24 Cash dividends

The Issuer records cash dividends to shareholders as a liability when the distribution is approved. According to the Saudi Companies Law, dividends are recognized when they are approved by the General Assembly and the corresponding amount is recognized directly in equity.

5-5-25 New standards and interpretations

In the six-month period ended June 30, 2024G, the Issuer has applied all amendments to standards issued by the Board of International Accounting Standards applicable to annual periods beginning on or after January 1, 2024G and apply to the Issuer:

IAS1	Modifications	Effective for annual periods beginning on or after 1 January 2024G. The amendments to Non-current Liabilities with Commitments (Amendments to IAS 1) amend the requirements for classifying liabilities as current or non-current on how an entity classifies debt and other financial liabilities as current or non-current in certain circumstances: only commitments that the entity has to comply with at or before the reporting date affect the classification of liabilities as current or non-current. In addition, an entity is required to disclose information in the notes that enables users of the financial statements to understand the risks that non-current liabilities with commitments may become due within twelve months.
IFRS 16	Modifications	Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions and are effective for annual periods beginning on or after 1 January 2024G.
IAS 7 and IFRS 7	Modifications	Amendments to add disclosure requirements, and « Indicative Signs » within existing disclosure requirements, to provide qualitative and quantitative information about financing arrangements for transactions with suppliers, applicable to annual periods beginning on or after January 1, 2024G.

The application of these amendments to the standards has not generally resulted in any significant changes to the group's accounting policies and disclosures provided in the interim condensed consolidated financial statements.

Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations were issued at the date of authorization of these consolidated financial statements, but are not yet effective and, accordingly, have not been applied to these interim condensed consolidated financial statements.

The impact of applying these standards is currently being assessed; however, the management expects that the application of these standards, amendments and interpretations in future periods will not have a material impact on the group's condensed consolidated interim financial statements.





IFRS 10 and IAS 28	Modifications	Amendments relating to the sale or contribution of assets between an investor and its affiliate or joint venture. The effective date has been deferred indefinitely.
IAS 21	Modifications	Amendments to assess whether a currency is convertible and to estimate the spot exchange rate when a currency is not convertible. Effective for annual periods beginning on or after 1 January 2025G.
IFRS 18	New Standard	New presentation requirements in the statement of profit or loss, including a specific total and subtotal. The standard also requires disclosure of performance measures identified by the management and includes new requirements for the aggregation and disaggregation of financial information based on specific «roles» in the main financial statements and the notes thereto. Effective for annual periods beginning on or after 1 January 2027G.

5-5-26 Segmental (Sectoral) information

Operating business segments are reported in a manner consistent with internal reporting to the chief operating decision maker. Management considers the Issuer's operations to consist of one primary operating segment. Accordingly, the presentation of various sector information is not applicable. Furthermore, the Issuer conducts its activities within the Kingdom of Saudi Arabia.

5-6 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities as of the date of the financial report. However, uncertainty regarding these assumptions and estimates could lead to results that may require a material adjustment to the carrying value of the assets or liabilities that will be affected in future periods.

These estimates and assumptions are based on experience and various other factors believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are difficult to obtain from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. A revision to accounting estimates is recorded in the period in which the estimates are revised or in the period of the revision and future periods if the changed estimates affect the current and future periods.

5-6-1 Judgements

Determine control

Determining the Issuer's control depends on the method of making decisions related to the relevant activities and the rights of the Issuer in the investee companies. The Issuer owns less than 50% of the voting rights of its Subsidiary, while with the increase in its ownership stake during the year 2021G, some changes occurred in the Board of Directors of the investee company. And then achieving control over the Subsidiary, as the Issuer has a presence and representation that gives it the authority to direct the relevant activities of the investee company, and thus other shareholders do not have sufficient voting rights to enable them to override the directives of the Issuer. Consequently, the Issuer consolidated the investee Subsidiary, which fulfilled what was mentioned as part of the Issuer's consolidated financial statements.



Determine transaction prices

The Issuer must determine transaction prices in relation to each of its contracts with customers. In making such a judgment, the Issuer evaluates the effect of any variable price in the contract due to discounts or penalties, the presence of any significant financing element in the contract and any non-cash price in the contract.

Classification of investment properties

The Issuer determines whether the property qualifies as investment property under IAS 40 Investment Properties. In making such a judgment, the Issuer considers whether the property generates cash flows that are substantially independent of other assets held by the Issuer.

Operating lease liability - Issuer as lessor

The Issuer enters into commercial and retail leases on its portfolio of investment properties. The Issuer has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the risks and rewards of ownership of these properties and therefore accounts for them as operating leases.

5-6-2 Estimates and assumptions

Employee benefits

The cost of defined benefit programs and the present value of the obligation are determined using actuarial valuations. Actuarial valuation involves making many diverse assumptions that differ from actual future developments. This includes determining discount rates, future salary increases, mortality rates, and employee recruitment turnover.

Due to the complexities of the valuation process and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are checked at the financial reporting date. The measurement parameters most subject to change are the discount rate and future salary increases. When determining the appropriate discount rate, management relies on the market yield on high-quality corporate bonds. Future salary increases depend on future inflation rates, seniority, promotion, and employment market supply and demand. Mortality rate is based on available mortality tables for selected countries. Extrapolations of mortality tables may change over periods in response to population changes.

Impairment of trade receivables

Expected credit losses

The provision matrix is originally determined based on observed historical default rates. The Issuer calibrates the matrix to adjust past credit losses with future information. Evaluating the correlation between observed historical default rates, expected economic conditions, and expected credit losses represents an important estimate. The amount of expected credit losses is affected by changes in expected economic conditions and circumstances. Also, the Issuer's past





credit losses and expected economic conditions may not be indicative of the customer's actual default in the future.

The useful lives of property, equipment and investment properties

The Issuer determines the estimated useful lives of property, equipment, and investment properties to calculate depreciation. This estimate is determined after taking into account the expected period of use of the asset and natural wear and tear. The management periodically examines the estimated useful lives and the method of depreciation to ensure that the method and duration of depreciation are consistent with the expected model of the economic benefits from these assets. Changes in depreciation expense are adjusted in the current and future periods, if any.

Impairment of investment properties

The Issuer evaluates whether there are any indicators of impairment for all investment properties at each reporting date. Investment properties are tested for impairment when there are indications that the carrying value may not be recoverable. When performing present value calculations, management estimates the expected future cash flows from the asset or cash-generating unit and chooses an appropriate discount rate in order to calculate the present value of those cash flows.

Impairment of non-financial assets

The Issuer evaluates at each reporting date whether there are indications that non-financial assets are impaired at each reporting date. Non-financial assets are tested for impairment if there are indications that the carrying values may not be recoverable. When calculating value in use, management evaluates the future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate to calculate the present value of these cash flows.

Going concern principle

The Issuer's management assessed its ability to continue as a going concern and concluded that it has the resources to continue its activity in the foreseeable future. In addition, management is not aware of any material uncertainty that may cast doubt on the Issuer's ability to continue as a going concern. Therefore, the financial statements continued to be prepared on the going concern basis.



5-7 Results of operations for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

5-7-1 Consolidated statement of profit or loss and other comprehensive income

Table 41: Consolidated statement of profit and loss and other comprehensive income for the financial years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (edited)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Revenues	18,902	59,295	65,971	213.7%	11.3%	86.8%
Cost of revenue	(2,594)	(11,350)	(13,229)	337.5%	16.6%	125.8%
Gross profit	16,307	47,944	52,741	194.0%	10.0%	79.8%
General and administrative expenses	(3,858)	(6,301)	(9,142)	63.3%	45.1%	53.9%
Profit from main operations	12,449	41,643	43,599	234.5%	4.7%	87.1%
A share in the profits of joint ventures	205	505	2,528	146.8%	400.5%	251.5%
Share in profit/(loss) of an associate	11,557	(219)	1,021	(101.9%)	(566.0%)	(70.3%)
Dividends from financial assets at fair value through profit and loss	24	381	-	1513.6%	(100.0%)	(100.0%)
Profit from selling financial assets at fair value through profit and loss	255	3,788	-	1387.8%	(100.0%)	(100.0%)
Dividends from financial assets at fair value through other comprehensive income	615	-	-	(100.0%)	N/A	(100.0%)
Change in fair value of financial assets at fair value through profit and loss	274	-	467	(100.0%)	N/A	30.6%
Reversal/(losses) of impairment of investment properties	(67)	1,066	2,412	(1699.8%)	126.4%	N/A
Financing costs	(491)	(4,736)	(6,255)	865.3%	32.1%	257.1%
Other income, net	262	253	1,304	(3.1%)	415.4%	123.3%
Income before Zakat	25,083	42,681	45,076	70.2%	5.6%	34.1%
Zakat	(754)	(1,909)	(1,181)	153.1%	(38.1%)	25.2%
Net income for the year	24,328	40,772	43,895	67.6%	7.7%	34.3%
Net income for the year attributable to:						
Shareholders of the parent company	24,328	28,215	28,766	16.0%	2.0%	8.7%
Non-controlling interests	-	12,556	15,129	N/A	20.5%	N/A
Total net income for the year	24,328	40,772	43,895	67.6%	7.7%	34.3%
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Impairment losses on financial assets at fair value through other comprehensive income	(714)	(714)	-	0.0%	(100.0%)	(100.0%)





Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (edited)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Items that will not be reclassified to profit or loss in subsequent periods:						
Changes in the fair value of financial assets at fair value through other comprehensive income	175	-	-	(100.0%)	N/A	(100.0%)
Remeasurement of employee benefit obligations	(142)	117	204	(182.4%)	74.4%	N/A
The Issuer's share of the remeasurement of employee benefits liabilities of an associate	45	-	-	(100.0%)	N/A	(100.0%)
Total comprehensive income for the year	23,693	40,175	44,099	69.6%	9.8%	36.4%
Total comprehensive income for the year attributable to:						
Shareholders of the parent company	23,693	27,573	28,901	16.4%	4.8%	10.4%
Non-controlling interests	-	12,601	15,198	N/A	20.6%	N/A
Total	23,693	40,175	44,099	69.6%	9.8%	36.4%
As a percentage of revenue	% Point					
Gross profit	86.3%	80.9%	79.9%	(5.4)	(1.0)	(6.4)
General and administrative expenses	20.4%	10.6%	13.9%	(9.8)	3.3	(6.5)
Profit from key operations	65.9%	70.2%	66.1%	4.3	(4.1)	0.2
Financing costs	2.6%	8.0%	9.5%	5.4	1.5	6.9
Other income, net	1.4%	0.4%	2.0%	(1.0)	1.6	0.6
Zakat	4.0%	3.2%	1.8%	(0.8)	(1.4)	(2.2)
net income	128.7%	68.8%	66.5%	(59.9)	(2.3)	(62.2)

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2022G and 2023G.

On December 23, 2021G, the Issuer increased its ownership stake in Al-Aziza Investment and Real Estate Development Company from 42.5% to 46.042%. This acquisition resulted in some changes in the Board of Directors of the investee company and then the Issuer achieved control over Al-Aziza Investment and Real Estate Development Company, as the Issuer now has a presence and representation that gives it the authority to direct the relevant activities of the investee company. Given the availability of evidence that determining the consideration in the acquisition deal was not subject to market forces, the acquired net assets were calculated at their book value in the acquired company on the acquisition date. No goodwill was recognized and the differences between that value and the compensation due and agreed upon with the seller amounting to 8.9 million Saudi riyals were addressed in the Issuer's retained earnings account, as these differences amounted to 1,084,206 Saudi riyals, in accordance with the Saudi Organization for Chartered and Professional Accountants (SOCPA) standard supplementing the International Financial Reporting Standards issued on December 18, 2014G, «Group of enterprises under the same control.» The previously held share was not re-evaluated at fair value, as the relevant Saudi Organization for



Chartered and Professional Accountants (SOCPA) standard was applied when purchasing that share previously. The obligation for that acquisition was recorded in the receivables to related parties and other credit balances and was paid in the subsequent period.

This acquisition is the main reason for the increase and growth in most financial items between the years 2021G and 2022G, as the results of the year 2021G for the Subsidiary were not included in the consolidated statement of profits or losses for the year 2021G because control was achieved at the end of the year. However, the Issuer estimated that if control had been achieved from January 1, 2021G, the consolidated revenues would have amounted to 47.6 million Saudi riyals..

Revenues

The Issuer's revenues are generated primarily through real estate rental activities (at a rate of 95% of total revenues) and investment property sales activities (at a rate of 5% of total revenues).

Revenues increased by 213.7% from 18.9 million Saudi riyals in fiscal year 2021G to 59.3 million Saudi riyals in fiscal year 2022G as a result of an increase in rental income of 36.3 million Saudi riyals due to:

- 1- Recording rental contract revenues belonging to Al-Aziza Company for the first time during the fiscal year 2022G after the acquisition on December 23, 2021G, which contributed to an increase in rental contract revenues worth 30.7 million Saudi riyals, most notably the contracts for Al-Haqbani Center and the Tahlia Center, which recorded revenues worth 9.3 million Saudi riyals and 5.6 million Saudi riyals in fiscal year 2022G;
- 2- An increase in rental contract revenues for Banan Real Estate Company by a value of 5.6 million Saudi riyals as a result of an increase in revenues from the property (1) Plaza 46 with a value of 2.6 million Saudi riyals, as the property was acquired on December 15, 2021G, and (2) the Sulaymaniyah Hotel, where the property was acquired on January 1, 2022G. The property was fully leased to the International Hotels Company and Client No 36, to achieve revenues of 2.1 million Saudi riyals during the fiscal year 2022G.

In addition to an increase in revenues resulting from the sale of investment properties owned by Al-Aziza Investment and Real Estate Development Company, amounting to 4.2 million Saudi riyals, related to the sale of Villa Al-Huda and Villa Al-Afaf.

Revenues increased by 11.3% from 59.3 million Saudi riyals in fiscal year 2022G to 66.0 million Saudi riyals in fiscal year 2023G as a result of an increase in rental income of 5.9 million Saudi riyals attributable to:

- 1- Al-Aziza lease contracts, mainly from Al-Haqbani Center and Al-Tahlia Centre, due to the increase in the annual rental amount and the rental of additional units.
- 2- Banan Real Estate Company's lease contracts as a result of leasing additional units within the Plaza 46 property.

In addition to an increase in revenues resulting from the sale of investment properties and Land Held for Sale at a value of 807 thousand Saudi riyals, as during the fiscal year 2023G, Banan Real Estate Company purchased «**Block 20**» land for the purpose of selling and generating revenues.





Consequently, the Issuer sold 20 plots of land and achieved revenues worth 2.2 million Saudi riyals during the year. However, this was offset by a decrease in revenues resulting from the sale of investment properties to Al-Aziza Company, as the Issuer sold one of the Al-Huda Villa units, which achieved 2.8 million Saudi riyals in the fiscal year 2023G, compared to 4.2 million Saudi riyals in the fiscal year 2022G.

Cost of revenue

The cost of revenues is mainly represented in the depreciation of investment properties, as the item of investment property depreciation constitutes an average of 69% of the total cost of revenues, while the cost of sold properties represents an average of 19%, and the depreciation of property and equipment constitutes an average of 12% of the total cost of revenues during the previous three years, in addition to Other costs include maintenance, materials, electricity and water.

Cost of revenues increased by 337.5% from 2.6 million Saudi riyals in fiscal year 2021G to 11.4 million Saudi riyals in fiscal year 2022G as a result of:

- 1- The impact of the acquisition and the increase in depreciation expense recorded for the first time during the fiscal year 2022G for the Subsidiary's real estate, which amounted to 3.4 million Saudi riyals;
- 2- An increase in the depreciation cost of Banan Real Estate Company's properties by 1.0 million Saudi riyals as a result of the addition of new properties, including Plaza 46 and the Sulaymaniyah Hotel.

In addition to an increase in the cost of properties sold by 2.9 million Saudi riyals, which is related to the net book value of the excluded properties, including Al-Huda and Al-Afaf villas.

The cost of revenues increased by 16.6% from 11.4 million Saudi riyals in the fiscal year 2022G to 13.2 million Saudi riyals in the fiscal year 2023G as a result of the increase in the cost of properties sold, as the Issuer sold a Al-Hadaa villa with a net book value of 2.5 million Saudi riyals in addition to 20 piece of «**Block 20**» real estate with a net book value of 1.5 million Saudi riyals.

Gross profit

Gross profit increased from 16.3 million Saudi riyals in fiscal year 2021G to 47.9 million Saudi riyals in fiscal year 2022G in line with the increase in revenues resulting from lease contracts after the acquisition, in addition to the acquisition of additional properties for Banan Real Estate Company during the year. The gross profit margin decreased from approximately 86.3% in fiscal year 2021G to approximately 81.0% in fiscal year 2022G, due to the relatively low gross profit margin from the Subsidiary's operations, due to the nature of the relatively high cost of revenues, mainly from the cost of properties sold.

Gross profit increased from 47.9 million Saudi riyals in the fiscal year 2022G to 52.7 million Saudi riyals in the fiscal year 2023G as a result of the increase in total operations, mainly in revenues resulting from lease contracts and the sale of investment properties. However, the gross profit



margin decreased from 80.9% in the fiscal year 2022G to 79.9% in fiscal year 2023G due to an increase in the cost of revenues at a rate higher than the increase in revenues.

General and administrative expenses

General and administrative expenses consist mainly of salaries and wages and represent approximately 50% of the total general and administrative expenses during the fiscal year 2023G, in addition to professional and consulting fees, Board of Directors fees, committee remuneration, government fees, and other expenses.

General and administrative expenses increased by 63.3% from 3.9 million Saudi riyals in the fiscal year 2021G to 6.3 million Saudi riyals in the fiscal year 2022G as a result of an increase in salaries and wages of 2.1 million Saudi riyals in line with the increase in the number of employees from 18 employees in the fiscal year 2021G to 50 employees in the fiscal year 2022G after the acquisition of the Subsidiary (+33 employees from Al-Aziza Real Estate Investment and Development Company). However, this increase in salary expenses was offset by a decrease in professional and consulting fees of 587 thousand Saudi riyals, as the Issuer incurred additional costs in the fiscal year 2021G related to listing fees in the Parallel Market (Nomu).

General and administrative expenses also increased by 45.1% from 6.3 million Saudi riyals in the fiscal year 2022G to 9.1 million Saudi riyals in the fiscal year 2023G as a result of the increase in salaries and wages amounting to 995 thousand Saudi riyals, in line with the increase in the number of employees from 50 employees in the fiscal year 2022G to 57 employees in the fiscal year 2023G after appointing 4 new employees at Al-Aziza Real Estate Investment and Development Company and 3 employees at Banan Real Estate Company. The reason for the increase in general and administrative expenses in 2023G is also due to the increase in professional and consulting fees amounting to 837 thousand Saudi riyals, mainly related to the expenses of the Issuer's consultants for moving to the main capital market, which amounted to 589 thousand Saudi riyals during the year 2023G.

Share in profits of joint ventures

The Issuer's share in the profit of joint ventures in the Badi'a Building Project and the Mall Project - Block 14, where the Issuer's share in the profit amounted to 205 thousand Saudi riyals in the fiscal year 2021G, 505 thousand riyals in the fiscal year 2022G, and 2.5 million riyals in the fiscal year 2023G.

Share of profit/(loss) of an associate

The Issuer's share in the profit of an associate amounted to 11.6 million Saudi riyals in the fiscal Year 2021G, which relates to the profit share in Al-Aziza Real Estate Investment and Development Company before achieving control and consolidation. After controlling Al-Aziza Real Estate Investment and Development Company, it was handled as a Subsidiary not as an associate. During the year 2021G, the Subsidiary acquired 15.0% of (Etihad Hittin Real Estate Company.), so the share of the Issuer's loss amounted to 219 thousand Saudi riyals in the Fiscal Year 2022G, while the share of profit from it amounted to 1.0 million Saudi riyals in the fiscal Year 2023G.

Dividends from financial assets at fair value through profit or loss





Dividend from financial assets at fair value through profit or loss amounted to 24 thousand Saudi riyals in the fiscal year 2021G and 381 thousand Saudi riyals in the fiscal year 2022G, and they relate to investments with United Financial House Company.

Profit from selling financial assets at fair value through profit and loss

The Issuer recorded a profit from the sale of financial assets at fair value through profit or loss of 255 thousand Saudi riyals in the fiscal year 2021G and 3.8 million Saudi riyals in the fiscal year 2022G, related to the profits realized as a result of the Issuer selling part of his share in the fiscal year 2021G and selling his entire share. In the fiscal year 2022G, with investments in traded securities and investment funds.

Dividends from financial assets at fair value through other comprehensive income

Dividend from financial assets at fair value through other comprehensive income amounted to 615 thousand Saudi riyals in the fiscal year 2021G and related to investments in United Financial House Company, at a rate of 9.51%.

Change in fair value of financial assets at fair value through profit and loss

The gain from the change in the fair value of financial assets at fair value through profit and loss decreased from 274 thousand Saudi riyals in the fiscal year 2021G to zero in the fiscal year 2022G as a result of the Issuer selling his share in the investment. The profit from the change in the fair value of financial assets at fair value through profit and loss increased from zero in the fiscal year 2022G to 467 thousand Saudi riyals in the fiscal year 2023G after additions in traded securities and investment funds.

Reversal/(losses) of impairment of investment properties

Impairment losses on investment properties amounted to 67 thousand Saudi riyals in the fiscal year 2021G, which is related to the decrease in the value of lands registered within Banan Real Estate Company's properties. As for the fiscal years 2022G and 2023G, the Issuer reversed the accumulated impairment losses amounting to 1.1 million Saudi riyals in the fiscal year 2022G and a value of 2.4 million Saudi riyals in the fiscal year 2023G that were previously recorded for buildings within the properties of Al-Aziza Real Estate Investment and Development Company.

Financing costs

Financing costs relate to financing costs on short-term and long-term borrowings, commission expense on employee benefit obligations, and financing costs on lease obligations.

Financing costs increased by 865.3% from 491 thousand Saudi riyals in the fiscal year 2021G to 4.7 million Saudi riyals in the fiscal year 2022G as a result of an increase in financing costs on short and long-term loans amounting to 4.2 million Saudi riyals, and were mainly linked to short and long-term loans to Al-Aziza Real Estate Investment and Development Company.

Financing costs also increased by 32.1% from 4.7 million Saudi riyals in the fiscal year 2022G to 6.3 million Saudi riyals in the fiscal year 2023G as a result of an increase in financing costs on short



and long-term loans, amounting to 1.5 million Saudi riyals, and were mainly related to short and long-term loans received during the year.

Other Net income

Other Net income amounted to 262 thousand Saudi riyals in the fiscal year 2021G and were mainly related to pursuit revenues during the year.

Other Net income amounted to 253 thousand Saudi riyals in the Fiscal year 2022G, which is mainly represented in services and management revenues, and net losses from excluding real estate investments.

Other Net income amounted to 1.3 million Saudi riyals in the fiscal year 2023G and were mainly related to services and management revenues, interest income from bank deposits, in addition to other income.

Zakat

Zakat increased by 153.1% from 754 thousand Saudi riyals in the fiscal year 2021G to 1.9 million Saudi riyals in the fiscal year 2022G, in line with the increase in the Zakat base during the period after the acquisition of Al-Aziza Real Estate Investment and Development Company. Zakat decreased by (38.1%) from 1.9 million Saudi riyals in fiscal year 2022G to 1.2 million Saudi riyals in fiscal year 2023G due to settlements recorded in fiscal year 2022G.

Net income

Net income increased from 24.3 million Saudi riyals in the fiscal year 2021G to 40.8 million Saudi riyals in the fiscal year 2022G as a result of the merger of Subsidiary operations during the year 2022G, but this led to a decrease in the net income margin from 129% in the fiscal year 2021G to 69% in the fiscal year 2022G due to additional expenses incurred during the period.

Net income increased from 40.8 million Saudi riyals in fiscal year 2022G to 43.9 million Saudi riyals in fiscal year 2023G, with the net income margin decreasing from 69% to 67% as a result of an increase in general and administrative expenses and a decrease in gross profit from the sale of investment properties and lands.

5-7-1-1 Revenue

Table 42: Revenues by Issuer and its Subsidiary for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Banan Real Estate Company						
Rental income	18,902	24,541	25,422	29.8%	3.6%	16.0%
Income from the sale of investment properties	-	-	2,172	NA	NA	NA
Total revenues of Banan Real Estate Company	18,902	24,541	27,594	29.8%	12.4%	20.8%





Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Al-Aziza Investment and Real Estate Development Company						
Rental income	-	30,669	35,577	NA	16.0%	NA
Income from the sale of investment properties	-	4,165	2,800	NA	(32.8%)	NA
Total revenues of Al-Aziza Real Estate Investment and Development Company	-	34,834	38,377	NA	10.2%	NA
Total revenue	18,902	59,375	65,971	214.1%	11.1%	86.8%
Modifications related to unification	-	(80)	-	NA	NA	NA
Total revenues net of adjustments associated with consolidation	18,902	59,295	65,971	213.7%	11.3%	86.8%
As a percentage of the total					% point	
Banan Real Estate Company	%100.0	41.3%	41.8%	(58.7)	0.5	(58.2)
Al-Aziza Investment and Real Estate Development Company	-	58.7%	58.2%	58.7	(0.5)	58.2

Source: Management information

Table 43 :Percentage of revenues by activity out of the total for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
As a percentage of total revenue						
Banan Real Estate Company						
					% point	
Rental income	100.0%	100.0%	92.1%	0.0	(7.9)	(7.9)
Income from the sale of investment properties	0.0%	0.0%	7.9%	0.0	7.9	7.9
Total revenues of Banan Real Estate Company	100.0%	100.0%	100.0%	0.0	0.0	0.0
Al-Aziza Real Estate Investment and Development Company						
					% point	
Rental income	NA	88.0%	92.7%	NA	4.7	NA
Income from the sale of investment properties	NA	12.0%	7.3%	NA	(4.7)	NA
Total revenues of Al-Aziza Real Estate Investment and Development Company	NA	100.0%	100.0%	NA	0	NA

Source: Management information



The Issuer's revenues are divided by activity into revenues from leasing activity and revenues from investment property sales activity, which represent an average of about 95% and 5%, respectively, of total revenues during the fiscal years from 2021G to 2023G. The Issuer's revenues during the year 2021G consist entirely of revenues from the operations of Banan Real Estate Company, as the Issuer had not consolidated the results of its business with the Subsidiary as a result of the acquisition. In the following years after the acquisition, revenues from Banan Real Estate Company represented approximately 41% and 42% of total revenues, according to the Issuer's consolidated financial statements during the fiscal years 2022G and 2023G, respectively. As for the revenues of the Subsidiary (Al-Aziza Real Estate Investment and Development Company), they represented approximately 59% and 58% of the total consolidated revenues during the fiscal years 2022G and 2023G, respectively.

5-7-1-2 Rental income

Rental income from related parties

Table 44: Rental income from related parties for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
International Hotels Company	3,500	5,500	5,500	57.1%	0.0%	25.4%
Al-haqbani commercial group Company	-	1,702	2,012	NA	18.2%	NA
Arabian Company for Fans	-	1,201	1,447	NA	20.5%	NA
Speed Itgan Company	-	297	232	NA	(21.9%)	NA
Cracker Contracting Company	-	192	185	NA	(3.6%)	NA
FAD Company for Mechanical & electrical	-	121	164	NA	35.5%	NA
Sanad Holding Company	-	-	97	NA	NA	NA
Al-Haqbani Information Technology Company	-	108	80	NA	(25.9%)	NA
Summit Materials Trading Company	-	46	70	NA	52.2%	NA
Kemda house Company	-	18	67	NA	272.2%	NA
Era Lighting Trading Company	-	38	58	NA	52.6%	NA
Banan Arabian Trading Company	-	-	53	NA	NA	NA
Total rental income from related parties	3,500	9,223	9,963	163.5%	8.0%	68.7%
	As a percentage of			% Point		
Total rental income from related parties	18.5%	16.7%	16.3%	(1.8)	(0.4)	(2.2)





Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Of total revenue	18.5%	15.6%	15.1%	(2.9)	(0.5)	(3.4)

Source: Management information

Note: The above revenues are shown without considering the VAT amount.

Rental income from the five largest properties of the Issuer and its Subsidiary

Table 45: Rental income from the largest (5) real estate properties of the Issuer and its Subsidiary for the fiscal years ending on December 31, 2021G, 2022G, and 2023G.

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Al-Haqbani Commercial Center	NA	9,278	10,823	NA	16.7%	NA
Oval Building	8,101	8,340	8,697	3.0%	4.3%	3.6%
Tahlia Mall	NA	5,641	7,237	NA	28.3%	NA
New Center Building	NA	5,437	6,164	NA	13.4%	NA
Plaza 46	780	3,391	4,087	334.7%	20.5%	128.9%
Top 5 properties	8,880	32,088	37,008	261.3%	15.3%	104.1%
Other real estate	10,021	23,122	23,991	130.7%	3.8%	54.7%
Total revenue	18,902	55,210	60,999	192.1%	10.5%	79.6%
As a percentage of the total				% Point		
Al-Haqbani Commercial Center	0.0%	16.8%	17.7%	16.8	0.9	17.7
Oval Building	42.9%	15.1%	14.3%	(27.8)	(0.8)	(28.6)
Tahlia Mall	0.0%	10.2%	11.9%	10.2	1.6	11.9
New Center Building	0.0%	9.8%	10.1%	9.8	0.3	10.1
Plaza 46	4.1%	6.1%	6.7%	2.0	0.6	2.6
Top 5 properties	47.0%	58.1%	60.7%	11.1	2.5	13.7
Other properties	53.0%	41.9%	39.3%	(11.1)	(2.5)	(13.7)

Source: Management information

Rental revenues from the five (5) largest properties of the Issuer and its Subsidiary accounted for 47.0%, 58.1%, and 60.7% of the total rental income in the fiscal years 2021G, 2022G, and 2023G, respectively, with three (3) of them belonging to Al-Aziza Real Estate Investment and Development Company and two properties for Banan Real Estate Company.



Rental income - Banan Real Estate Company

Table 46: Rental income from Banan Real Estate Company for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Oval Building	8,101	8,340	8,697	3.0%	4.3%	3.6%
Plaza 46	780	3,391	4,087	334.7%	20.5%	128.9%
Voyage Building	3,939	3,963	3,950	0.6%	(0.3%)	0.1%
Sulaymaniyah Building	-	2,114	2,114	NA	0.0%	NA
Hattin Building	2,681	2,681	2,681	0.0%	0.0%	0.0%
Anas bin Malik Building	1,823	2,518	2,674	38.1%	6.2%	21.1%
Al-Raed Building	732	738	870	0.8%	17.9%	9.0%
Al Wadi Building	292	350	350	19.9%	0.0%	9.5%
Khurais Building	555	445	-	(19.8%)	(100.0%)	(100.0%)
Total revenue	18,902	24,541	25,422	29.8%	3.6%	16.0%

Source: Management information

Banan Real Estate Company generates revenues through leasing 8 owned properties as of December 31, 2023G, after depositing Khurais Building in October 2022G.

Revenues increased by 29.8% from 18.9 million Saudi riyals in the fiscal year 2021G to 24.5 million Saudi riyals in the fiscal year 2022G as a result of the acquisition of Plaza 46 on December 5, 2021G and Sulaymaniyah Building on January 1, 2022G, and the impact of calculating revenue for the full year after the acquisition of those properties. In addition, revenues from Anas Bin Malik Building and Al Oval Building increased as a result of renting additional units, which led to a further increase in total revenues during the year 2022G.

Revenues also increased by 3.6% from 24.5 million Saudi riyals in the fiscal year 2022G to 25.4 million Saudi riyals in the Fiscal Year 2023G. This increase is mainly due to increased revenues from Plaza 46, as two additional units in Plaza 46 were leased during the Fiscal Year 2023G. In addition to the increase in revenues from Al-Oval Building, which is fully leased to Client No 1. This increase was partially offset by a decrease in rental income resulting from the disposal of Khurais building in October 2022G due to lower profitability resulting from that property.





Rental income - Al-Aziza Real Estate Investment and Development Company

Table 47: Rental income from Al-Aziza Real Estate Investment and Development Company for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal Year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Al-Haqbani Commercial Center	NA	9,278	10,823	NA	16.7%	NA
Tahlia Mall	NA	5,641	7,237	NA	28.3%	NA
New Center Building	NA	5,437	6,164	NA	13.4%	NA
Other properties *	NA	10,313	11,352	NA	10.1%	NA
Total revenue	NA	30,669	35,577	NA	16.0%	NA

Source: Management information

*Other Properties consist of 20 diverse properties including commercial spaces, residential buildings and warehouses for rent and revenue generation.

Rental income from the Subsidiary increased by 16.0% from 30.7 million Saudi riyals in fiscal year 2022G to 35.6 million Saudi riyals in fiscal year 2023G as a result of higher revenues from the Tahlia Mall and Al Haqbani Mall due to leasing additional units.

Table 48: Rental revenue from the top 4 clients for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Client No. 1	8,101	8,340	8,697	3.0%	4.3%	3.6%
International Hotels Company	3,500	5,500	5,500	57.1%	0.0%	25.4%
Client No. 2	2,681	2,681	2,681	0.0%	0.0%	0.0%
Client No. 19	NA	2,520	2,702	NA	7.2%	NA
Top 4 clients	14,282	19,041	19,580	33.3%	2.8%	17.1%
Other tenants	4,620	36,089	41,419	681.1%	14.8%	199.4%
Total revenues from leasing activity	18,902	55,130	60,999	191.7%	10.6%	79.6%
As a percentage of the total				% Point		
Client No. 1	42.9%	15.1%	14.3%	(27.8)	(0.8)	(28.6)
International Hotels Company	18.5%	10.0%	9.0%	(8.5)	(1.0)	(9.5)
Client No. 2	14.2%	4.9%	4.4%	(9.3)	(0.5)	(9.8)
Client No. 19	NA	4.6%	4.4%	NA	(0.2)	NA
Top 4 clients	75.6%	34.5%	32.1%	(41.0)	(2.4)	(43.5)



Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Other tenants	24.4%	65.5%	67.9%	41.0	2.4	43.5

Source: Management information

Note: Customers are referred to by different numbers with each number referring to a specific customer where applicable in the document.

The Issuer's rental income is concentrated from four main tenants, including (1) Client No. 1, which represented an average of 24.1% of the total rental activity revenues, (2) the International Hotels Company, which represented 12.5% of the total rental activity revenues, (3) Client No. 2, which represented 7.8% of the total revenues of the leasing activity, and (4) Client No. 19, which represented 4.5% of the total revenues of the leasing activity. The total revenues from the 4 largest clients amounted to 14.3 million Saudi riyals (75.6% of the total revenues of the leasing activity) in the Fiscal Year 2021G and rose to 19.0 million Saudi riyals (34.5% of the total revenues of the leasing activity) in the Fiscal Year 2022G and stabilized at 19.6 million Saudi riyals (32.1% of total leasing activity revenues) in Fiscal Year 2023G.

5-7-1-3 Gain on Sale of Investment Property

Table 49: Revenues from the sale of investment properties for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Al Hada Villas	NA	2,265	2,800	NA	23.6%	NA
Block 20	NA	-	2,172	NA	NA	NA
Villa Alafaf	NA	1,900	-	NA	(100.0%)	NA
Total	NA	4,165	4,972	NA	19.4%	NA

Source: Management information

Revenues from the sale of investment properties represent revenues from the sale of residential or commercial units within buildings and lands owned by the Issuer.

Revenues from the sale of investment properties amounted to zero in the fiscal year 2021G and increased to 4.2 million Saudi riyals in the fiscal year 2022G as a result of the sale of units from Al-Huda Villas and Villa Al-Afaf.

Revenues from the sale of investment properties increased by 19.4% from 4.2 million Saudi riyals in the fiscal year 2022G to 5.0 million Saudi riyals in the fiscal year 2023G as a result of the sale of units in Al Hada Villas in addition to the sale of 20 plots of land within «**Block 20**» that the Issuer acquired with the aim of selling them in order to make profit.





5-7-1-4 Cost of revenues

Table 50: Cost of revenues by company for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Banan Real Estate Company	2,594	3,992	5,724	53.9%	43.4%	48.54%
Al-Aziza Real Estate Investment and Development Company	NA	7,359	7,505	NA	2.0%	NA
Total	2,594	11,350	13,229	337.5%	16.6%	125.8%
As a percentage of the total				%Point		
Banan Real Estate Company	100.0%	35.2%	43.3%	(64.8)	8.1	(56.7)
Al-Aziza Investment and Real Estate Development Company	0.0%	64.8%	56.7%	64.8	(8.1)	56.7

Source: Management information

During the fiscal year 2021G, cost of revenue was incurred mainly from the operations of Banan Real Estate Company, as the Issuer had not consolidated the results of its business with the Subsidiary as a result of the acquisition, given that the acquisition took place at the end of the year 2021G. As for the fiscal years 2022G and 2023G, the cost of revenues from Banan Real Estate Company represented about 40%, while the cost of revenues from Al-Aziza Investment and Development Company represented about 60% of the total cost of revenues during the fiscal years 2022G and 2023G.

Table 51: Cost of revenues for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Depreciation of investment properties	2,431	6,824	7,109	180.7%	4.2%	71.0%
Cost of real estate and land sold	-	2,892	4,008	NA	38.6%	NA
Maintenance and materials	-	858	933	NA	8.7%	NA
Electricity and water	-	392	495	NA	26.3%	NA
Depreciation of property and equipment	60	199	197	231.7%	(1.0%)	81.2%
Other	103	185	488	79.8%	163.8%	117.7%
Total	2,594	11,350	13,229	337.5%	16.6%	125.8%



Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
As a percentage of revenue			%Point			
Depreciation of investment properties	12.9%	11.5%	10.8%	(1.4)	(0.7)	(2.1)
Cost of real estate and land sold	0.0%	4.9%	6.1%	4.9	1.2	6.1
Maintenance and materials	0.0%	1.4%	1.4%	1.4	-	1.4
Electricity and water	0.0%	0.7%	0.8%	0.7	-	0.8
Depreciation of property and equipment	0.3%	0.3%	0.3%	-	-	-
Other	0.5%	0.3%	0.7%	(0.2)	0.4	0.2
Total	13.7%	19.1%	20.1%	5.4	1.0	6.4

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2022G and 2023G.

Depreciation of investment properties

Depreciation of investment properties is represented by depreciation of buildings, and the depreciation cost represent approximately 69% of the Issuer's total cost of revenue.

Depreciation of investment properties increased by 180.7% from 2.4 million Saudi riyals in the fiscal year 2021G to 6.8 million Saudi riyals in the fiscal year 2022G as a result of recording the depreciation of investment properties belonging to Al-Aziza Investment and Real Estate Development Company for the first time during the fiscal year 2022G after the acquisition on December 23, 2021G, which contributed Increasing the item of depreciation on investment properties by 3.3 million Saudi riyals. This is in addition to the increase in investment properties depreciation, which reflects the full annual impact of the Plaza 46 property, where the property was acquired on December 15, 2021G, and the Sulaymaniyah Hotel, which was acquired on January 1, 2022G.

Investment properties depreciation increased by 4.2% from 6.8 million Saudi riyals in fiscal year 2022G to 7.1 million Saudi riyals in fiscal year 2023G in line with the construction of additional floors for some properties and thus increasing depreciation for additional units during the year.

Cost of real estate and land sold

The cost of real estate and land sold represents the net book value of the properties sold.

The cost of real estate and land sold increased from zero in fiscal year 2021G to 2.9 million Saudi riyals in fiscal year 2022G, mainly due to the sale of investment properties owned by Al-Aziza Investment and Real Estate Development Company, Villa Al-Huda and Villa Al-Afaf.

The cost of real estate and land sold increased by 38.6% from 2.9 million Saudi riyals in the fiscal year 2022G to 4.0 million Saudi riyals in the fiscal year 2023G due to the sale of 20 plots of land from Block 20, in addition to the sale of one villa from Al Hada Villa units during the year 2023G.





Maintenance and materials

Maintenance and materials costs increased from zero in the fiscal year 2021G to 858 thousand Saudi riyals in the fiscal year 2022G due to the acquisition of the Subsidiary, as the Issuer's properties are fully leased until 2021G to certain tenants, as the tenant bears the costs of maintaining the building. However, in 2022G, the Issuer will bear the maintenance of the Plaza 46 building, as it is a complex of commercial units rented to different tenants, in addition to the cost of maintaining the Subsidiary's buildings. Maintenance and materials costs increased to 933 thousand Saudi riyals in the fiscal year 2023G in line with the growth in the Issuer's operations during the period.

Electricity and water

The cost of electricity and water increased from zero in the fiscal year 2021G to 392 thousand Saudi riyals in the fiscal year 2022G due to the acquisition of the Subsidiary, as the Issuer's properties are fully leased until 2021G to certain tenants, with the tenant bearing the costs of electricity and water. However, in 2022G, the Issuer bear the costs of electricity and water for the Plaza 46 complex in exchange for charging the tenants an additional value for the services, in addition to the cost of water and electricity for the Subsidiary's buildings. The cost of electricity and water increased to 495 thousand Saudi riyals in the fiscal year 2023G in line with the growth in the Issuer's operations during the period.

Depreciation of property and equipment

Property and equipment depreciation expense increased by 231.7% from 60 thousand Saudi riyals in the fiscal year 2021G to 199 thousand Saudi riyals in the fiscal year 2022G as a result of the acquisition of the property and equipment of Al-Aziza Real Estate Investment and Development Company and recording depreciation of this property and equipment for the first time during the fiscal year 2022G. Property and equipment depreciation expense decreased by 1.0% from 199 thousand Saudi riyals in fiscal year 2022G to 197 thousand Saudi riyals in fiscal year 2023G.

Others

Other expenses increased by 79.8% from 103 thousand Saudi riyals in the fiscal year 2021G to 185 thousand Saudi riyals in the fiscal year 2022G, and by 163.8% from the year 2022G to 2023G, as it increased to 488 thousand Saudi riyals in the fiscal year 2023G. Other expenses are various other operating expenses, including telephone, internet, air conditioning, etc.



5-7-1-5 Gross profit by company

Table 52: Gross profit by company for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Banan Real Estate Company	16,307	20,549	21,870	26.0%	6.4%	15.8%
Al-Aziza Investment and Real Estate Development Company	-	27,475	30,872	NA	12.4%	NA
Gross profit	16,307	48,024	52,742	194.5%	9.8%	79.8%
Adjustments related to consolidation	-	(80)	-	NA	NA	NA
Gross profit after excluding adjustments related to consolidation	16,307	47,944	52,742	194.0%	10.0%	79.8%
Gross profit margin	%Point					
Banan Real Estate Company	86.3%	83.7%	79.3%	(2.6)	(4.4)	(7.0)
Al-Aziza Investment and Real Estate Development Company	-	78.9%	80.4%	NA	1.5	NA
Total	86.3%	80.9%	79.9%	(5.4)	(0.9)	(6.3)

Source: Management information

Banan Real Estate Company

Gross profit increased by 26.0% from 16.3 million Saudi riyals in 2021G to 20.5 million Saudi riyals in 2022G as a result of an increase in revenues from 18.9 million Saudi riyals to 24.5 million Saudi riyals during the same period. However, gross profit margin decreased from 86.3% in fiscal year 2021G to 83.7% in fiscal year 2022G due to higher depreciation of investment properties.

Gross profit increased by 6.4% from 20.5 million Saudi riyals in 2022G to 21.9 million Saudi riyals in 2023G as a result of an increase in revenues from 24.5 million Saudi riyals to 27.6 million Saudi riyals during the same period. However, gross profit margin decreased from 83.7% in fiscal year 2022G to 79.3% in fiscal year 2023G due to higher cost of land sold and higher maintenance cost.

Al-Aziza Investment and Real Estate Development Company

Gross profit increased by 12.4% from 27.5 million Saudi riyals in 2022G to 30.9 million Saudi riyals in 2023G as a result of an increase in revenues from 34.8 million Saudi riyals to 38.4 million Saudi riyals during the same period. The gross profit margin increased slightly from 78.9% in fiscal year 2022G to 80.4% in fiscal year 2023G.





5-7-1-6 General and administrative expenses

Table 53: General and administrative expenses by company for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Banan Real Estate Company	3,858	3,444	5,197	(10.7%)	50.9%	16.1%
Al-Aziza Investment and Real Estate Development Company	-	2,937	3,945	NA	34.3%	NA
Total	3,858	6,381	9,142	65.4%	43.3%	53.9%
Adjustments related to consolidation	-	(80)	-	NA	NA	NA
After excluding adjustments related to consolidation	3,858	6,301	9,142	63.3%	45.1%	53.9%
As a percentage of the total				%Point		
Banan Real Estate Company	100.0%	54.7%	56.8%	(45.3)	2.2	(43.2)
Al-Aziza Investment and Real Estate Development Company	0.0%	46.6%	43.2%	46.6	(3.5)	43.2

Source: Management information

Table 54: General and administrative expenses for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Salaries, wages, and the like	1,500	3,586	4,581	139.1%	27.7%	74.8%
Professional and consulting fees	1,165	578	1,415	(50.4%)	144.8%	10.2%
Board and committee remuneration	462	462	921	0.0%	99.4%	41.2%
Governmental fees	251	472	749	88.0%	58.7%	72.7%
Allowance for expected credit losses	-	228	583	NA	155.7%	0.0%
Depreciation of property and equipment	111	97	188	(12.6%)	93.8%	30.1%
Stationery and printing	67	126	124	88.1%	(1.6%)	36.0%
Depreciation of right-of-use assets	-	-	107	NA	NA	0.0%
Car expenses	2	69	58	3350.0%	(15.9%)	438.5%
Electricity and telephone	40	148	38	270.0%	(74.3%)	(2.5%)
Amortization of intangible assets	23	12	24	(47.8%)	100.0%	2.2%
General Maintenance	13	25	-	92.3%	(100.0%)	0.0%



Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Other	225	497	353	120.9%	(29.0%)	25.3%
Total	3,858	6,301	9,142	63.3%	45.1%	53.9%
As a percentage of revenue				%Point		
Salaries, wages, and the like	7.9%	6.0%	6.9%	(1.9)	0.9	(1.0)
Professional and consulting fees	6.2%	1.0%	2.1%	(5.2)	1.1	(4.1)
Remuneration for members of the Board of Directors and committees	2.4%	0.8%	1.4%	(1.6)	0.6	(1.0)
Governmental fees	1.3%	0.8%	1.1%	(0.5)	0.3	(0.2)
Allowance for expected credit losses	0.0%	0.4%	0.9%	0.4	0.5	0.9
Depreciation of property and equipment	0.6%	0.2%	0.3%	(0.4)	0.1	(0.3)
Stationery and printing	0.4%	0.2%	0.2%	(0.2)	(0.0)	(0.2)
Depreciation of right-of-use assets	0.0%	0.0%	0.2%	0.0	0.2	0.2
Car expenses	0.0%	0.1%	0.1%	0.1	(0.0)	0.1
Electricity and telephone	0.2%	0.2%	0.1%	0.0	(0.1)	(0.1)
Amortization of intangible assets	0.1%	0.0%	0.0%	(0.1)	0.0	(0.1)
General Maintenance	0.1%	0.0%	0.0%	(0.1)	(0.0)	(0.1)
Other	1.2%	0.8%	0.5%	(0.4)	(0.3)	(0.7)
Total	20.4%	10.6%	13.9%	(9.8)	3.3	(6.5)

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2022G and 2023G.

General and administrative expenses mainly related to wages and salaries and its equivalents, professional and consulting fees, remuneration for members of the Board of Directors and committees, government fees, and other expenses.

Wages and salaries and equivalents

The Wages and salaries and equivalents item related to the salaries of full-time employees and those working in the head office.

Wages and salaries and equivalents increased by 139.0% from 1.5 million Saudi riyals in the fiscal year 2021G to 3.6 million Saudi riyals in the fiscal year 2022G in line with the increase in the number of employees from 18 employees in the fiscal year 2021G to 50 employees in the fiscal year 2022G after the acquisition of the company Al-Aziza for Real Estate Investment and Development and integrating its costs.

Wages and salaries and equivalents expenses also increased by 27.8% from 3.6 million Saudi riyals in the fiscal year 2022G to 4.6 million Saudi riyals in the fiscal year 2023G in line with the increase in the number of employees from 50 employees in the fiscal year 2022G to 57 employees in 2023G, including: That is 4 employees at Al-Aziza Real Estate Investment and Development Company and





3 employees at Banan Real Estate Company. This is in addition to the disbursement of bonuses worth 312 thousand Saudi riyals in the fiscal year 2023G, which contributed to the increase in the expenses of this item.

Professional and consulting fees

Professional and consulting fees related to audit, legal and consulting fees incurred by the Issuer. Professional and consulting fees decreased by 50.4% from 1.2 million Saudi riyals in fiscal year 2021G to 578 thousand Saudi riyals in fiscal year 2022G as a result of the Issuer incurring additional costs in fiscal year 2021G related to listing fees in the Parallel Market (Nomu). Professional and consulting fees increased by 144.8% from 578 thousand Saudi riyals in fiscal year 2022G to 1.4 million Saudi riyals in fiscal year 2023G due to professional and consulting expenses related to the transfer to the main capital market.

Board and committee remuneration

Board and committee remuneration expenses increased by 139% from 462 thousand Saudi riyals in the fiscal years 2021G and 2022G to 921 thousand Saudi riyals in the fiscal year 2023G as a result of the increase in the costs of remuneration for the Board of Directors and its committees for Banan Real Estate Company and Al-Aziza Real Estate Investment and Development Company in the fiscal year 2023G, especially after the establishment of the Nominations and Remuneration Committee for the Issuer during the year 2023G.

Governmental fees

Government fees are mainly iqama and visa fees for foreign employees.

Government fees increased from SAR 251 thousand in fiscal year 2021G to SAR 472 thousand in fiscal year 2022G in line with the increase in the number of employees during the period as a result of the acquisition of the Subsidiary.

Government fees also increased from 472 thousand Saudi riyals in fiscal year 2022G to 749 thousand Saudi riyals in fiscal year 2023G in line with the increase in the number of employees during the period.

Allowance for expected credit losses

The allowance for expected credit losses increased from zero in fiscal year 2021G to 228 thousand Saudi riyals in fiscal year 2022G and then to 583 thousand Saudi riyals in fiscal year 2023G, in line with the increase in the balance of trade receivables in those periods.

Depreciation of property and equipment

Depreciation of property and equipment related to depreciation of electrical appliances, air conditioners, vehicles and computers associated with the head office. Property and equipment depreciation expense decreased from 111 thousand Saudi riyals in fiscal year 2021G to 97 thousand Saudi riyals in fiscal year 2022G. Then, property and equipment depreciation expense increased from 97 thousand Saudi riyals in fiscal year 2022G to 188 thousand Saudi riyals in fiscal year 2023G as a result of additions to furniture and fixtures during the year.



Stationery and Printing

Stationery and Printing expenses increased from 67 thousand Saudi riyals in the fiscal year 2021G to 124 thousand Saudi riyals in the fiscal year 2023G after the acquisition of Al-Aziza Real Estate Investment and Development Company and the addition of related expenses.

Depreciation of right-of-use assets

The depreciation of the right-of-use assets related to the Issuer's lease contract in the commercial complex - Block 14 related to the main office that was acquired in the fiscal year 2023G, where the indicated depreciation expense amounted to 107 thousand Saudi riyals as in the fiscal year 2023G.

Vehicles expenses

Vehicles expenses related to vehicles used by the Issuer's employees. Vehicles expenses increased from 2 thousand Saudi riyals in the fiscal year 2021G to 69 thousand Saudi riyals in the fiscal year 2022G as a result of the acquisition of the Subsidiary, as Al-Aziza Real Estate Investment and Development Company has a high vehicles expense relative to Banan Real Estate Company. Vehicle expenses decreased to 58 thousand Saudi riyals in fiscal year 2023G.

Electricity and telephone

This item concerns expenses related to electricity and telephone for the head office of the Issuer and the Subsidiary. Electricity and telephone expenses increased from 40 thousand Saudi riyals in the fiscal year 2021G to 148 thousand Saudi riyals in the fiscal year 2022G due to the Issuer bearing the electricity and telephone expenses for some operational properties during the year 2022G. Then, electricity and telephone expenses decreased from 148 thousand Saudi riyals in the fiscal year 2022G to 38 thousand Saudi riyals in the fiscal year 2023G as a result of reclassifying the electricity and telephone expenses of rented properties into cost of revenue.

Amortization of intangible assets

Intangible asset amortization expenses related to amortization amounts for electronic software used in the Issuer's main office of operations, which represented 0.1% of total revenues during the previous three fiscal years.

General Maintenance

The cost of general maintenance increased from 13 thousand Saudi riyals in the fiscal year 2021G to 25 thousand Saudi riyals in the fiscal year 2022G, representing 0.1% of total revenues. The Issuer did not record maintenance costs in fiscal year 2023G.

Others

Other general and administrative expenses are mainly represented by facilities expenses and miscellaneous expenses, which increased from 225 thousand Saudi riyals in the fiscal year 2021G to 497 thousand Saudi riyals in the fiscal year 2022G as a result of consolidating the income statement after the acquisition of the Subsidiary, in addition to reclassifying some expenses to item others, then it decreased to 353 thousand Saudi riyals in the fiscal year 2023G.





5-7-1-7 Other revenues

Table 55: Other revenues for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Services and management	-	736	711	NA	21.7%	NA
Interest income from bank deposits	-	68	339	NA	398.1%	NA
Pursual revenue	262	107	15	(59.1%)	(85.9%)	(94.2%)
Net losses on disposal of real estate investments	-	(658)	-	NA	(100.0%)	NA
Other	-	-	239	NA	NA	NA
Total	262	253	1,304	(61.3%)	1188.6%	398.5%

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2022G and 2023G.

Services and management

Services and management related to revenues from administrative services for properties managed by the Issuer. Services and management revenues increased from zero in fiscal year 2021G to 736 thousand Saudi riyals in fiscal year 2022G, then decreased slightly to 711 thousand Saudi riyals in fiscal year 2023G. These revenues mainly include revenues generated from the management of Plaza 46, the Al Raed Building, the Sulaymaniyah Hotel, and others.

Interest income from bank deposits

Interest income from bank deposits increased from zero in the fiscal year 2021G to 68 thousand Saudi riyals in the fiscal year 2022G and then to 339 thousand Saudi riyals in the fiscal year 2023G, which related to the interest earned from the bank deposits of Al-Aziza Investment and Real Estate Development Company.

Pursual revenue

Pursual revenues relate to commissions on leased units, as Pursual revenues decreased from 262 thousand Saudi riyals in the fiscal year 2021G to 107 thousand Saudi riyals in the fiscal year 2022G and then to 15 thousand Saudi riyals in the fiscal year 2023G.

Net losses on disposal of real estate investments

Net losses on disposal of real estate investments amounted to 658 thousand Saudi riyals in the fiscal year 2022G related to the sale of the Khurais property.

Others

Other revenues related to government support revenues (such as the employment support program), amounting to 239 thousand Saudi riyals in fiscal year 2023G.



5-7-1-8 Financing costs

Table 56: Financing costs for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Financing costs on loans	482	4,697	6,168	873.8%	31.3%	257.7%
Commission expense on employee benefit liabilities	8	39	57	373.3%	45.6%	166.9%
Financing costs on lease liabilities	-	-	30	NA	NA	NA
Total	491	4,736	6,255	865.3%	32.1%	256.9%

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2022G and 2023G.

Financing costs on loans

Financing costs on loans increased from 482 thousand Saudi riyals in fiscal year 2021G to 4.7 million Saudi riyals in fiscal year 2022G and then to 6.2 million Saudi riyals in fiscal year 2023G as a result of the increase in short and long-term loans used during the year.

Commission expense on employee benefits liabilities

Commission expense on employee benefit liabilities increased from 8 thousand Saudi riyals in fiscal year 2021G to 39 thousand Saudi riyals in fiscal year 2022G, and then increased to 57 thousand Saudi riyals in fiscal year 2023G in line with the increase in the number of employees after the acquisition of the Subsidiary.

Financing costs on lease liabilities

The Issuer recorded financing costs on lease liabilities amounting to 30 thousand Saudi riyals in Fiscal year 2023G related to the head office lease, as the lease was previously short-term in nature and was recorded as a lease expense.

5-7-2 Consolidated statement of financial position

Table 57: Statement of financial position as of December 31, 2021G, 2022G

Thousand Saudi Riyals	As of December 31, 2021G (adjusted)	As of December 31, 2022G (adjusted)	As of December 31, 2023G (audited)
Assets			
Non-current assets			
Property and equipment	1,193	1,333	1,905
Investment properties	582,364	570,834	566,436
Intangible assets	13	93	69
Investments in joint ventures	23,913	29,765	32,293





Thousand Saudi Riyals	As of December 31, 2021G (adjusted)	As of December 31, 2022G (adjusted)	As of December 31, 2023G (audited)
Financial assets at fair value through other comprehensive income	714	-	-
Investments in an associate	9,756	9,237	10,079
Right-of-use assets	-	-	360
Total non-current assets	617,952	611,262	611,143
Current assets			
Trade receivables, net	2,308	3,293	3,681
Land Held for Sale	-	-	18,432
Amounts due from related parties	146	162	148
Prepaid expenses and other financial assets	1,468	1,185	1,533
Financial assets at fair value through profit or loss	22,871	-	2,637
Cash and cash equivalents	14,116	3,454	23,351
Total current assets	40,910	8,094	49,783
Total assets	658,862	619,356	660,926
Owner's equity and liabilities			
Owner's equity			
Capital	200,000	200,000	200,000
General Reserve	5,011	7,662	7,662
Other reserves	39,414	39,486	39,621
Retained earnings	94,102	106,952	131,718
Total equity attributable to the shareholders of the parent company	338,527	354,100	379,002
Non-controlling interests	151,053	157,180	165,902
Owner's equity	489,581	511,280	544,904
Liabilities			
Non-current liabilities			
Long-term loans - non-current portion	104,600	64,986	55,112
Employee benefit obligations	1,247	1,403	1,429
Lease obligations - non-current portion	-	-	250
Total non-current liabilities	105,847	66,389	56,791
Current liabilities			
Long-term loans - current portion	18,072	13,037	28,731
Short term loans	16,013	5,000	-
Lease liability - current part	-	-	112
Amounts due to related parties	11,554	6,947	8,661
Trade and other credit balances	16,283	15,555	20,541
Zakat due	1,512	1,149	1,186
Total current liabilities	63,434	41,688	59,231
Total liabilities	169,281	108,076	116,022



Thousand Saudi Riyals	As of December 31, 2021G (adjusted)	As of December 31, 2022G (adjusted)	As of December 31, 2023G (audited)
Total equity and liabilities	658,862	619,356	660,926

Source: Audited consolidated financial statements for the fiscal years ending on December 31, 2023G.

Table 58: Financial position indicators as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Management information)	As of December 31, 2022G (Management information)	As of December 31, 2023G (Management information)
Return on assets	NA*	6.6%	6.6%
Return on shareholders' equity	NA*	8.0%	8.1%
Debt to equity ratio**	0.28	0.16	0.15
Turnover ratio (times)	0.64	0.19	0.84
Days of outstanding sales receivables (day***)	NA*	26	27

Source: Management information

* It is not possible to calculate the key performance indicators referred to above, including the return on assets, the return on shareholders' equity, and the days of outstanding sales receivables as of December 31, 2021G, as the profit and loss statement was not consolidated in the fiscal year 2021G, but rather the consolidation took place at the level of the financial position statement only. Given that the acquisition occurred at the end of the fiscal year 2021G, specifically on December 23, 2021G.

** Lease obligations were included in debt to calculate the debt-to-equity ratio.

*** Average days of sales receivables outstanding were calculated using total rental revenues multiplied by 365 days.

Assets

Non-current assets

Total non-current assets decreased by 6.7 million Saudi riyals from 618.0 million Saudi riyals as of December 31, 2021G to 611.3 million Saudi riyals as of December 31, 2022G. This is due to the decrease in the balance of investment properties by 11.5 million Saudi riyals from 582.4 million Saudi riyals to 570.8 million Saudi riyals as a result of disposals amounting to 16.5 million Saudi riyals related to the disposal of the Khurais Building (10.7 million Saudi riyals) and Al-Afaf Villa in Jeddah (1.2 million Saudi riyals), and the disposals of some units from the Al-Huda Villas project (1.7 million Saudi riyals), in addition to an increase in the accumulated depreciation of depreciation expense by an amount of 6.8 million Saudi riyals, and this was partially offset by an increase in the balance of investments in joint ventures amounting to 5.9 million Saudi riyals as a result of additions to investment in Commercial Center Project - Block 14 in the Northern Maathar District.

Total non-current assets remains at 611.1 million Saudi riyals as of December 31, 2023G, as the balance of investment properties decreased by 4.4 million Saudi riyals from 570.8 million Saudi riyals to 566.4 million Saudi riyals due to depreciation expenses amounting to 7.1 million Saudi riyals, in addition to disposals amounting to 2.6 million Saudi riyals. One million Saudi riyals related to the additional disposals of units in the Al-Hadaa Villas project. This was partially offset by an increase in investments in joint ventures amounting to 2.5 million Saudi riyals as a result of the increase in the share of profits from the commercial center projects - Block 14 in the northern Al-





Ma'athar district and Al-Badi'ah Building, in addition to an increase in investments in an associate amounting to 0.8 million Saudi riyals, where the share amounted to the Issuer from the annual net income of the associate company is 1.0 million Saudi riyals.

Current assets

Total current assets decreased by 32.8 million Saudi riyals from 40.9 million Saudi riyals as of December 31, 2021G to 8.1 million Saudi riyals as of December 31, 2022G, primarily as a result of the decrease in financial assets at fair value through profit or loss from 22.9 million Saudi riyals to zero. As a result of the complete disposal of the Issuer's investment portfolio during the mentioned financial period. This is in addition to the decrease in cash and cash equivalent assets by 10.7 million Saudi riyals from 14.1 million Saudi riyals to 3.5 million Saudi riyals, mainly as a result of the repayment of long-term loans worth 58.2 million Saudi riyals.

Total current assets increased by 41.7 million Saudi riyals from 8.1 million Saudi riyals as of December 31, 2022G to 49.8 million Saudi riyals as of December 31, 2023G due to the increase in cash and cash equivalent assets by 19.9 million Saudi riyals, mainly as a result of the Issuer obtaining loans (+ 51.3 million Saudi riyals), offset by the repayment of long-term loans (-45.5 million Saudi riyals). In addition, the increase in current assets is also due to an addition to Land Held for Sale amounting to 18.4 million Saudi riyals as of December 31, 2023G (compared to zero as of December 31, 2022G), as the Issuer purchased an area of 25% of Blocks No. (15-18-19-20) in Al-Qadisiyah neighborhood in Riyadh.

Owner's equity

Owner's equity increased by 21.7 million Saudi riyals from 489.6 million Saudi riyals as of December 31, 2021G to 511.3 million Saudi riyals as of December 31, 2022G. The reason is mainly due to the increase in retained earnings by 12.9 million Saudi riyals from 94.1 million Saudi riyals to 107.0 million Saudi riyals in line with the Issuer recording profits amounting to 40.8 million Saudi riyals during the year 2022G, in addition to the increase in non-controlling interests by 6.1 million Saudi riyals. From 151.1 million Saudi riyals to 157.2 million Saudi riyals, which relates to shares owned by other shareholders in Al-Aziza Real Estate Investment and Development Company.

Owner's equity also increased by 33.6 million Saudi riyals from 511.3 million Saudi riyals as of December 31, 2022G to 544.9 million Saudi riyals as of December 31, 2023G. This is mainly due to the increase in retained earnings by 24.8 million Saudi riyals from 107.0 million Saudi riyals to 131.7 million Saudi riyals. One million Saudi riyals, as the Issuer recorded profits amounting to 43.9 million Saudi riyals during the year 2023G, in addition to an increase in non-controlling equity by 8.7 million Saudi riyals from 157.2 million Saudi riyals to 165.9 million Saudi riyals during the same period.

Liabilities

Non-current liabilities

Non-current liabilities decreased by 39.5 million Saudi riyals from 105.8 million Saudi riyals as of December 31, 2021G to 66.4 million Saudi riyals as of December 31, 2022G as a result of the



decrease in the non-current portion of long-term loans by 39.6 million Saudi riyals from 104.6 million Saudi riyals to 65.0 million Saudi riyals as a result of paying installments amounting to 76.6 million Saudi riyals during the period.

Non-current liabilities decreased by 9.6 million Saudi riyals from 66.4 million Saudi riyals as of December 31, 2022G to 56.8 million Saudi riyals as of December 31, 2023G as a result of the decrease in the non-current portion of long-term loans by 9.9 million Saudi riyals from 65.0 million Saudi riyals to 55.1 million Saudi riyals as a result of settlements amounting to 60.4 million Saudi riyals during the period.

Current liabilities

Current liabilities decreased by 21.7 million Saudi riyals from 63.4 million Saudi riyals as of December 31, 2021G to 41.7 million Saudi riyals as of December 31, 2022G as a result of the decrease in short-term loans by 11.0 million Saudi riyals from 16.0 million Saudi riyals to 5.0 million Saudi riyals. This is the result of settlements for short-term loans amounting to 19.0 million Saudi riyals, partially offset by loans received amounting to 8.0 million Saudi riyals. Also contributing to the decrease in total current liabilities was the decrease in the current portion of long-term loans by 5.0 million Saudi riyals from 18.1 million Saudi riyals to 13.0 million Saudi riyals, as well as the decrease in amounts due to related parties by 4.6 million Saudi riyals from 11.6 million Saudi riyals. To 6.9 million Saudi riyals as a result of the Issuer's settlement of its dues to (Saleh Al-Haqbani) related to additional investment shares in Al-Aziza Investment and Real Estate Development Company, in addition to settlements related to the joint venture (Al-Tahlia Mall).

Current liabilities increased by 17.5 million Saudi riyals from 41.7 million Saudi riyals as of December 31, 2022G to 59.2 million Saudi riyals as of December 31, 2023G as a result of the increase in the current portion of long-term loans by 15.7 million Saudi riyals from 13.0 million Saudi riyals to 28.7 million Saudi riyals as a result of the Issuer obtaining new loans during the period, in addition to the increase in trade payables and other credit balances by 5.0 million Saudi riyals from 15.6 million Saudi riyals to 20.5 million Saudi riyals in line with the increase in rental income advances of 3.7 million Saudi riyals related to Mainly in Al-Haqbani Complex and the «Oval» Building.

5-7-2-1 Property and equipment

Table 59: Net book value of property and equipment as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Electrical Devices and Air Conditioners	Vehicles	Computers	Furniture and Fixtures	Equipment and Tools	Capital Work in Progress	Total
Cost							
As of December 31, 2021G	1,293	230	685	3,774	193	554	6,728
Additions	-	108	17	14	-	298	437
Transfers	-	-	-	514	-	(514)	-
As of December 31, 2022G	1,293	338	702	4,301	193	338	7,164
Additions	5	103	120	729	-	-	957





Thousand Saudi Riyals	Electrical De- vices and Air Conditioners	Vehicles	Computers	Furniture and Fixtures	Equipment and Tools	Capital Work in Progress	Total
Transfers	-	-	-	338	-	(338)	-
Disposals	-	(49)	-	-	-	-	(49)
As of December 31, 2023G	1,298	392	822	5,368	193	-	8,072
Accumulated depreciation							
As of December 31, 2021G	1,082	185	624	3,464	180	-	5,535
Charged during the year	62	31	24	173	6	-	296
As of December 31, 2022G	1,144	216	648	3,638	185	-	5,831
Charged during the year	60	48	22	250	4	-	385
Disposals	-	(49)	-	-	-	-	(49)
As of December 31, 2023G	1,204	215	671	3,888	189	-	6,167
Net book value							
As of December 31, 2023G	94	177	151	1,480	4	-	1,905
As of December 31, 2022G	149	122	53	663	7	338	1,333
As of December 31, 2021G	211	45	60	309	13	554	1,193

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Property and equipment increased from 1.2 million Saudi riyals as of December 31, 2021G to 1.3 million Saudi riyals as of December 31, 2022G, primarily as a result of the increase in the balance of furniture and equipment from 309 thousand Saudi riyals to 663 thousand Saudi riyals, which was partially offset by a decrease in the balance of Capital work in progress increased from 554 thousand Saudi riyals to 338 thousand Saudi riyals during the period.

Property and equipment increased again from 1.3 million Saudi riyals as of December 31, 2022G to 1.9 million Saudi riyals, primarily as a result of the increase in the balance of equipment and tools by 816 thousand Saudi riyals from 663 thousand Saudi riyals to 1.5 million Saudi riyals, partially offset by a decrease in the balance Capital work in progress increased from 338 thousand Saudi riyals to zero during the period.

Electrical devices and air conditioners

The balance of electrical devices and air conditioners decreased from 211 thousand Saudi riyals as of December 31, 2021G to 149 thousand Saudi riyals as of December 31, 2022G due to allocated depreciation amounting to 62 thousand Saudi riyals during the year.

The balance of electrical devices and air conditioners decreased again from 149 thousand Saudi riyals as of December 31, 2022G to 94 thousand Saudi riyals as of December 31, 2023G as a result of allocated depreciation amounting to 60 thousand Saudi riyals during the year, partially offset by additions amounting to 5 thousand Saudi riyals during the period.



Vehicles

The balance of vehicles increased from 45 thousand Saudi riyals as of December 31, 2021G to 122 thousand Saudi riyals as of December 31, 2022G as a result of additions worth 108 thousand Saudi riyals under the management of Al-Aziza Investment and Real Estate Development Company. This was partially offset by depreciation amounting to 31 thousand Saudi riyals during the year.

The balance of vehicles increased from 122 thousand Saudi riyals as of December 31, 2022G to 177 thousand Saudi riyals as of December 31, 2023G as a result of additions related to Al-Aziza Investment and Real Estate Development Company amounting to 103 thousand Saudi riyals, and this was partially offset by load depreciation amounting to 48 thousand Saudi riyals during the year 2023G.

Computers

The balance of computers decreased from 60 thousand Saudi riyals as of December 31, 2021G to 53 thousand Saudi riyals as of December 31, 2022G due to depreciation of 24 thousand Saudi riyals during the year, partially offset by additions of 17 thousand Saudi riyals.

The balance of computer equipment increased from 53 thousand Saudi riyals as of December 31, 2022G to 151 thousand Saudi riyals as of December 31, 2023G as a result of additions amounting to 120 thousand Saudi riyals related to Banan Real Estate Company. This was partially offset by depreciation of 22 thousand Saudi riyals during the year.

Furniture and fixture

The furniture and fixture item represents the furniture for the Issuer's offices. The balance of furniture and fixtures increased from 309 thousand Saudi riyals as of December 31, 2021G to 663 thousand Saudi riyals as of December 31, 2022G, mainly as a result of transfers from capital work in progress amounting to 514 thousand Saudi riyals and additions amounting to 13 thousand Saudi riyals, which was partially offset by depreciation amounted to 173 thousand Saudi riyals during the year.

The balance of furniture and fixture increased again from 663 thousand Saudi riyals as of December 31, 2022G to 1.5 million Saudi riyals as of December 31, 2023G as a result of additions amounting to 729 thousand Saudi riyals and transfers from capital work in progress amounting to 338 thousand Saudi riyals, which was partially offset by depreciation amounted 250 thousand Saudi riyals during the year.

Equipment and tools

The balance of equipment and tools decreased from 13 thousand Saudi riyals as of December 31, 2021G to 7 thousand Saudi riyals as of December 31, 2022G and again to 4 thousand Saudi riyals as of December 31, 2023G due to depreciation amounting to 6 thousand Saudi riyals and 4 thousand Saudi riyals during the fiscal years 2022G and 2023G, respectively.

Capital work in progress

Capital work in progress related to number of assets that have been acquired but are not ready for use and are subject to refurbishment and maintenance.





The balance of capital work in progress decreased from 554 thousand Saudi riyals as of December 31, 2021G to 338 thousand Saudi riyals as of December 31, 2022G as a result of the transfer of assets worth 514 thousand Saudi riyals to furniture and fixture. This was partially offset by additions amounting to 298 thousand Saudi riyals related to Banan Real Estate.

The balance of capital work in progress decreased from SAR 338 thousand as of December 31, 2022G to zero as of December 31, 2023G, as all assets classified under this category were transferred to furniture and fixtures.

5-7-2-2 Investment properties

It should be noted that the number of investment properties presented below for both Banan Real Estate Company and Al Azizah Investment and Real Estate Development Company may be different from the number of investment properties displayed in the other sections of the transfer file, as the financial analysis of the investment properties was conducted based on the classification of the properties according to their geographical location in one space, according to its operational use and not according to its legal registration (number of deeds).

Table 60: Net book value of investment properties as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Lands	Buildings	Capital Work in Progress	Total
Cost				
As of December 31, 2021G	350,786	268,916	10,607	630,308
Additions during the year	-	1,309	6,470	7,779
Disposals during the year	(9,594)	(6,899)	-	(16,492)
Transfers	-	13,410	(13,410)	-
As of December 31, 2022G	341,192	276,736	3,666	621,594
Additions during the year	-	-	2,802	2,802
Disposals during the year	(924)	(1,714)	-	(2,638)
Transfers	-	6,469	(6,469)	-
As of December 31, 2023G	340,269	281,490	-	621,759
Accumulated depreciation				
As of December 31, 2021G	-	42,901	-	42,901
Depreciation per year	-	6,824	-	6,824
Disposals during the year	-	(2,875)	-	(2,875)
As of December 31, 2022G	-	46,850	-	46,850
Depreciation per year	-	7,109	-	7,109
Disposals during the year	-	(9)	-	(9)
As of December 31, 2023G	-	53,950	-	53,950
Impairment				
As of December 31, 2021G	67	4,977	-	5,043
Impairment reversal during the year	-	(1,066)	-	(1,066)
Disposals during the year	(67)	-	-	(67)
As of December 31, 2022G	-	3,911	-	3,911



Thousand Saudi Riyals	Lands	Buildings	Capital Work in Progress	Total
Impairment reversal during the year	-	(2,412)	-	(2,412)
Disposals during the year	-	(126)	-	(126)
As of December 31, 2023G	-	1,373	-	1,373
Net book value				
As of December 31, 2023G	340,269	226,168	-	566,436
As of December 31, 2022G	341,192	225,975	3,666	570,834
As of December 31, 2021G	350,719	221,038	10,607	582,364

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

The value of investment properties amounted to 566.4 million Saudi riyals as of December 31, 2023G and related to lands and buildings that are used for the purpose of generating revenues from lease contracts. Investment properties are recorded at historical cost less accumulated depreciation using the straight-line method and are evaluated semi-annually to determine impairment by an independent valuer licensed by the Saudi Authority for Accredited Valuers.

Lands

The lands value decreased from 350.7 million Saudi riyals as of December 31, 2021G to 341.2 million Saudi riyals as of December 31, 2022G as a result of disposals worth 9.6 million Saudi riyals, mainly related to the land of the Khurais Building. Lands value decreased from 341.2 million Saudi riyals as of December 31, 2022G to 340.3 million Saudi riyals as of December 31, 2023G as a result of disposals related to Al Hada Villas.

Buildings

The value of the buildings increased from SAR 221.0 million as of December 31, 2021G to SAR 226.0 million as of December 31, 2022G as a result of transfers from capital works in progress worth SAR 13.4 million and additions worth SAR 1.3 million associated with the Al-Haqbani Commercial Building. This is in addition to reversing an impairment of SAR 1.0 million during the year. This was partially offset by disposals amounting to SAR 4.0 million related to the Khurais Building, Al Afaf Villa and units of Al Hada Villas, in addition to depreciation for the year amounting to SAR 6.8 million.

The value of the buildings increased from SAR 226.0 million as of December 31, 2022G to SAR 226.2 million as of December 31, 2023G as a result of the reversal of an impairment loss of SAR 2.4 million during the year. While this was partially offset by disposals amounting to 1.7 million Saudi riyals related to units of Al Hada Villas, in addition to depreciation for the year amounting to 7.1 million Saudi riyals.

Capital work in progress

Capital work in progress is renovation work on investment properties, and these properties are renovated by the Issuer's management.

The value of capital work in progress decreased from SAR 10.6 million as of December 31, 2021G to SAR 3.7 million as of December 31, 2022G as a result of transfers of SAR 13.4 million to buildings. However, this was partially offset by additions worth 6.5 million Saudi riyals.

The value of capital work in progress decreased from 3.7 million Saudi riyals as of December 31, 2022G to zero as of December 31, 2023G. This is mainly due to transfers worth SAR 6.5 million to buildings as a result of the completion of the works. In contrast, additions worth 2.8 million Saudi





riyals were made related to additional extensions in Al-Haqbani Commercial Center, Al-Tahlia Mall, Al-Shifa Building and Warehouse, and Al-Murabba Building.

Table 61: Investment properties by company as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Management information)	As of December 31, 2022G (Management information)	As of December 31, 2023G (Management information)
Banan Real Estate Company	271,087	257,459	254,031
Al-Aziza Real Estate Investment and Development Company	311,277	313,375	312,406
Total	582,364	570,834	566,436
As a percentage of the total			
Banan Real Estate Company	46.5%	45.1%	44.8%
Al-Aziza Real Estate Investment and Development Company	53.5%	54.9%	55.2%

Source: Management information

Investment properties owned by Banan Real Estate Company represented 44.8% of the total value of investment properties of the Issuer and its Subsidiary, while investment properties owned by Al-Aziza Investment and Real Estate Development Company represented 55.2% of the total value of investment properties of the Issuer and its Subsidiary as of December 31, 2023G.

Investment properties - Banan Real Estate Company

Table 62: Net book value of investment properties belonging to Banan Real Estate Company as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Management information)	As of December 31, 2022G (Management information)	As of December 31, 2023G (Management information)
Plaza 46	73,382	72,587	71,793
Oval Building	61,994	61,000	60,005
Voyage Hotel - Orouba	32,949	32,543	32,137
Anas Ibn Malik Building - Al Malqa	32,660	32,356	32,052
Hattin Building	30,182	29,681	29,179
Sulaymaniyah Hotel	15,810	16,036	15,748
Al Raed building	7,219	7,153	7,087
Al Wadi Building	6,177	6,103	6,029
Al Khurais Building	10,714	-	-
Balance at the end of the year	271,087	257,459	254,031

Source: Management information

Banan Real Estate Company owns eight investment properties as of December 31, 2023G, which include buildings and associated lands. The investment portfolio includes properties intended for commercial activities such as offices and exhibition halls, hospitality projects including hotels and clinics, in addition to residential properties, which mainly includes furnished apartments. The following is an overview of the investment properties of Banan Real Estate Company:



- * **Plaza 46:** It is a commercial property that was acquired on December 5, 2021G. It has a useful life of 45 years and is located in the Qurtuba area in Riyadh. The property contains a total of 18 units ready for rent, with 16 units rented as of December 31, 2023G (89% occupancy rate). The net book value of the project amounted to 73.4 million Saudi riyals as of December 31, 2021G, and decreased to 72.6 million Saudi riyals as of December 31, 2022G, then to 71.8 million Saudi riyals as of December 31, 2023G due to depreciation expenses during the period.
- * **«Oval» building:** building: It is a commercial property that was purchased on December 12, 2007G. It has a useful life of 50 years and is located in the Olaya area in Riyadh. The building consists of five (5) floors, fully leased to Client No. 1 (100% occupancy). The current lease contract with Client No. 1 expires in the fiscal year 2028. The net book value of the building amounted to 62.0 million Saudi riyals as of December 31, 2021G, and decreased to 61.0 million Saudi riyals as of December 31, 2022G, then to 60.0 million Saudi riyals as of December 31, 2023G due to depreciation expenses during the period.
- * **«Voyage» Hotel - Al Orouba:** It is a commercial property in the field of hospitality. It was acquired on April 15, 2015. It has a useful life of 50 years and is located in the Al Orouba area in Riyadh. The hotel consists of fully rented units (100% occupancy). The net book value of the hotel amounted to 32.9 million Saudi riyals as of December 31, 2021G and decreased to 32.5 million Saudi riyals as of December 31, 2022G and 32.1 million Saudi riyals as of December 31, 2023G due to depreciation expenses during the period.
- * **Anas Ibn Malik Building - Al Malqa:** It is a commercial healthcare building that was purchased on January 28, 2021G, located in the Al Malqa area in Riyadh. The property has 3 floors, other commercial showrooms and offices which are fully leased under 5 different leases (100% occupancy). This property is mortgaged against a loan from Riyadh Bank. The net book value of the property amounted to 32.7 million Saudi riyals as of December 31, 2021G and decreased to 32.4 million Saudi riyals as of December 31, 2022G and 32.1 million Saudi riyals as of December 31, 2023G due to depreciation expenses during the period.
- * **Hitteen Building:** It is a residential property located in the Hitteen area in Riyadh. It has a useful life of 50 years and consists of 49 residential units fully rented to Client No. 2 (100% occupancy) under a (5)-year contract. This property is mortgaged against a loan from Riyadh Bank. The net book value of the property amounted to 30.2 million Saudi riyals as of December 31, 2021G and decreased to 29.7 million Saudi riyals as of December 31, 2022G and 29.2 million Saudi riyals as of December 31, 2023G due to depreciation expenses during the period.
- * **Al Sulaymaniyah Hotel:** It is a residential property located in the Sulaymaniyah area in Riyadh. It was acquired on January 1, 2022G. The property is fully leased to International Hotels Company (100% occupancy) for 5 years. The net book value of the property increased from 15.8 million Saudi riyals as of December 31, 2021G to 16.0 million Saudi riyals as of December 31, 2022G. Then the net book value decreased to 15.7 million Saudi riyals as of December 31, 2023G due to depreciation expenses during the period.
- * **AlRaed Building:** It is a residential property located in Riyadh and includes 21 residential units fully rented to several individuals with an average contract period of one year. The net book value of the property stabilized and amounted to 7.2 million Saudi riyals as of





December 31, 2021G and 2022G, and 7.1 million Saudi riyals as of December 31, 2023G, due to the relatively low annual depreciation expenses.

- * **Al Wadi Building:** It is a commercial property that was acquired on April 26, 2016G. It has a useful life of 50 years and is located in the Al Wadi area in Riyadh. The building consists of 5 floors, fully rented to Client No. 33 (100% occupancy). The net book value of the building amounted to 6.2 million Saudi riyals as of December 31, 2021G and decreased to 6.1 million Saudi riyals as of December 31, 2022G and 6.0 million Saudi riyals as of December 31, 2023G due to depreciation expenses during the period.
- * **Al Khurais Building:** It is a residential and commercial building located in the city of Riyadh and includes 26 furnished residential units and 3 commercial showrooms. This building was disposed in June 2021G due to the low profit margins achieved by the property, as the net book value of the building amounted to 10.7 million Saudi riyals.

Investment properties - Al-Aziza Investment and Real Estate Development Company

Table 63: Net book value of investment properties belonging to Al-Aziza Investment and Real Estate Development Company as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Management information)	As of December 31, 2022G (Management information)	As of December 31, 2023G (Management information)
New Center Building	78,627	73,352	72,662
Al-Haqbani Commercial Center	64,588	65,706	64,106
Tahlia Mall	41,050	44,302	45,332
Other properties *	127,012	130,015	130,306
Balance at the end of the year	311,277	313,375	312,406

Source: Management information

*Other properties consist of 21 various properties, including commercial spaces, residential buildings, warehouses, and one unused land in the Al-Badi'ah neighborhood in Riyadh, with an area of 971 square meters, and an investment opportunity is being sought to exploit it, according to a statement from the Issuer's management.

Al-Aziza Investment and Real Estate Development Company owns twenty-four investment properties as of December 31, 2023G, including buildings and associated lands. The investment portfolio includes properties prepared for commercial activities, residential apartments, in addition to warehouses designated for storage and a plot of land.

The Subsidiary's investment properties increased from 311.3 million Saudi riyals as of December 31, 2021G to 313.4 million Saudi riyals as of December 31, 2022G, as a result of additions worth 7.3 million Saudi riyals in Al-Haqbani Mall, in addition to reversing the decrease in the value of real estate by 1.1 million Saudi riyals. This was partially offset by disposals amounting to SAR 2.8 million relating to Al Hada Villas and Al Afaf Villas, and depreciation expenses amounting to SAR 3.4 million during the year.



Investment properties decreased from 313.4 million Saudi riyals as at December 31, 2022G to 312.4 million Saudi riyals as at 31 December 2023G, as a result of disposals amounting to 2.5 million Saudi riyals and depreciation expenses amounting to 3.6 million Saudi riyals during the period, but this was partially offset by the reversal of decrease in the value of real estate by 2.4 million Saudi riyals.

5-7-2-3 Intangible assets

Table 64: Intangible assets as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Cost			
Balance at the beginning of the year	278	278	371
Additions during the year	-	93	-
Balance at the end of the year	278	371	371
Accumulated depreciation			
Balance at the beginning of the year	243	266	278
Amortization for the year	23	12	24
Balance at the end of the year	266	278	302
Net book value	13	93	69

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Intangible assets are primarily associated with ERP software. The net book value of intangible assets increased from 13 thousand Saudi riyals as of December 31, 2021G to 93 thousand Saudi riyals as of December 31, 2022G as a result of additions during the year amounting to 93 million Saudi riyals.

Intangible assets decreased from 93 thousand Saudi riyals as of December 31, 2022G to 69 thousand Saudi riyals as of December 31, 2023G due to the accumulation of depreciation costs.

5-7-2-4 Investments in joint ventures

Table 65: Investments in joint ventures as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Tahlia Mall	Badi'a building project	Total
Balance as of December 31, 2021G (adjusted)	14,560	9,353	23,913
Additions during the year	5,347	-	5,347
A share in the profits of a joint venture	193	312	505
Balance as of December 31, 2022G (adjusted)	20,100	9,665	29,765
A share in the profits of a joint venture	2,098	430	2,528
Balance as of December 31, 2023G (Audited)	22,198	10,095	32,293

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G





Block 14 commercial complex project

On November 1, 2019G, the Issuer invested in a joint venture with an investor, which is a commercial center established in the northern Al-Ma'athar neighborhood in Riyadh. The value of the Tahlia Mall project increased from 14.6 million Saudi riyals as of December 31, 2021G to 20.1 million Saudi riyals as of December 31, 2022G, mainly due to additions worth 5.3 million Saudi riyals. The Issuer also recorded its share of the project profit at 193 thousand Saudi riyals. during the year. The value of the mall project increased from 20.1 million Saudi riyals as of December 31, 2022G to 22.2 million Saudi riyals as of December 31, 2023G by recording the profit share from the project at 2.1 million Saudi riyals.

Badia building project

On January 21, 2018G, the Issuer invested in a joint venture with one of the shareholders, which is a residential real estate project established in the Al-Badiah neighborhood in Riyadh.

The value of the Badia Building project increased from 9.4 million Saudi riyals as of December 31, 2021G to 9.7 million Saudi riyals as of December 31, 2022G as a result of recording the profits generated from the project during the year at a value of 312 thousand Saudi riyals. The value of the project also increased from 9.7 million Saudi riyals as of December 31, 2022G to 10.1 million Saudi riyals as of December 31, 2023G as a result of recording the share of profits from the project amounting to 430 thousand Saudi riyals.

5-7-2-5 Financial assets at fair value through other comprehensive income

Table 66: Financial assets at fair value through other comprehensive income as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Balance at the beginning of the year (Financial Union House Company)	5,500	5,500	5,500
Deduct: impairment	(4,786)	(5,500)	(5,500)
Balance at the end of the year	714	-	-

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Table 67: Impairment movement as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Balance at the beginning of the year	4,071	4,786	5,500
Impairment during the year	714	714	-
Balance at the end of the year	4,786	5,500	5,500

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

During fiscal year 2021G, the Issuer had investments in securities of companies listed on the Saudi market and other investments in companies not listed on the Saudi market. During the fiscal year 2021G, the Issuer sold his investments in companies listed on the financial market at fair



value through other comprehensive income, the original value of which amounted to 13.8 million Saudi riyals, and the value of its sale amounted to 30.3 million Saudi riyals, as the profit achieved from the sale of those investments amounted to 16.5 million Saudi riyals. The amount has been reclassified from other reserves to retained earnings.

The Issuer owned a 9.51% investment in a company not listed on the Saudi market (Etihad Financial House Company), which is a closed joint stock company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 101026112 dated 01/01/1430H (corresponding to 17/01/2009G). The company's main activities are securities custody. The cost of the investment is 5,500,000 Saudi riyals, and it is classified as financial assets at fair value through other comprehensive income. During the year 2022G, the Issuer's management concluded that it was not possible to recover the amount of this investment, and accordingly a decrease in the full value of the investment recorded.

5-7-2-6 Investments in an associate

Table 68: Investments in an associate as of December 31, 2021G, 2022G, and 2023G.

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Balance at the beginning of the year	-	9,756	9,237
Additions	9,756	-	-
The company's share of the net income for the year	-	(219)	1,021
Dividends received during the year	-	(300)	(178)
Balance at the end of the year	9,756	9,237	10,079

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

During the year 2021G, the Subsidiary acquired 15% of the share of Etihad Hitteen Real Estate Company («**Associate**»), a limited liability company, registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010708513 dated 17/09/1442H (corresponding to 29/04/2021G). The main activities of the associate company are the purchase and sale of land and real estate, their division and off-plan sales activities, management and leasing of owned or rented properties (residential and non-residential), management and leasing of self-storage warehouses, and the activities of brokers' agents (auctioneers' offices).

The value of investments in the associate company decreased from 9.8 million Saudi riyals as of December 31, 2021G to 9.2 million Saudi riyals as in the fiscal year 2022G as a result of dividends received during the year amounting to 300 thousand Saudi riyals, in addition to the company's share in the net loss for the year amounting to 219 thousand Saudi riyals.

The value of investments in the associate company increased from 9.2 million Saudi riyals as in the fiscal year 2022G to 10.1 million Saudi riyals as in the fiscal year 2023G as a result of the company's share in net income for the year amounting to 1.0 million Saudi riyals, offset by dividends received during the year amounting to 178 thousand Saudi riyals.





5-7-2-7 Right-of-use assets

Table 69: Right-of-use assets as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Cost			
At the beginning of the year	-	-	-
Additions during the year	-	-	467
At the end of the year	-	-	467
Accumulated depreciation			
At the beginning of the year	-	-	-
Additions during the year	-	-	107
At the end of the year	-	-	107
Net book value	-	-	360

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

The right-of-use assets relate to the lease contract for the main office of Banan Real Estate Company in the commercial complex - Block 14, concluded in the fiscal year 2023G and for a period of four years, and it is a joint venture property. The office area is 245 square meters, and the net book value of the lease contract was 360 thousand Saudi riyals as of December 31, 2023G.

5-7-2-8 Trade receivables, net

Table 70: Trade receivables as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Trade receivables	2,788	4,000	4,532
Deduct: Allowance for expected credit losses	(480)	(708)	(851)
Trade receivables, net	2,308	3,293	3,681

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Table 71: Analysis of the aging of trade receivables and the allowance for expected credit losses as of December 31, 2022G and 2023G

Thousand Saudi Riyals	1-90 Days	91-180 Days	181-360 Days	More than 360 days	Total
December 31, 2022G					
Total book value	1,801	1,392	2	805	4,000
Expected credit losses	28	48	-	631	708
Expected credit loss rate	2.0%	3.0%	0.0%	78.0%	18.0%
December 31, 2023G					
Total book value	1,947	908	820	830	4,532



Thousand Saudi Riyals	1-90 Days	91-180 Days	181-360 Days	More than 360 days	Total
Expected credit losses	0.1	1	19	830	851
Expected credit loss rate	0.0%	0.1%	2.0%	100.0%	19.0%

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

The net trade receivables item consists of rental customer receivables, accrued rental income and an allowance for expected credit losses.

Net trade receivables increased from 2.3 million Saudi riyals as of December 31, 2021G to 3.3 million Saudi riyals as of December 31, 2022G as a result of an increase in the balance of trade receivables from lease customers. This increase was partially offset by recording an allowance for expected credit losses of 708 thousand Saudi riyals during the year.

Net trade receivables increased from 3.3 million Saudi riyals as of December 31, 2022G to 3.7 million Saudi riyals as of December 31, 2023G as a result of the increase in the balance of trade receivables from lease customers, as the most significant balances of receivables belong mainly to the tenants shown below:

- **Client No. 12:** recorded a due balance of 868 thousand Saudi riyals related to the lease in Plaza 46,
- **Client No. 3:** recorded a due balance of 713 thousand Saudi riyals related to the lease of the Anas bin Malik property,
- **Client No. 6:** recorded a due balance of 605 thousand Saudi riyals related to the lease of Plaza 46,
- **Client No. 34:** recorded a due balance of 341 thousand Saudi riyals related to the lease of Plaza 46,
- **Client No. 35:** recorded a due balance of 165 thousand Saudi riyals for rent related to a lease in Al-Haqbani Centre

Table 72: Movement in the provision for expected credit losses as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Balance at the beginning of the year	438	480	708
allocated during the year	-	228	583
Provision upon acquisition of the Subsidiary	42	-	-
Written off debts	-	-	(440)
Balance at the end of the year	480	708	851

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G





The balance of the allowance for expected credit losses amounted to 851 thousand Saudi riyals as of December 31, 2023G, representing approximately 19% of the total receivables compared to approximately 18% and 17% as of December 31, 2022G and 2021G, respectively.

The allowance for credit losses is recorded based on the reserve matrix model, where the credit loss allowance ratio of 0.1% was applied to balances due for 91 - 180 days, 2.3% for 181 - 260 days, and a full reserve (100%) was applied to balances due for more than 360 days.

5-7-2-9 Land Held for Sale

Table 73: Land Held for Sale as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Balance at the beginning of the year	-	-	-
Additions during the year	-	-	19,937
Disposals during the year	-	-	(1,505)
Balance at the end of the year	-	-	18,432

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

This item consists mainly of lands available for sale in the ordinary course of the Group's business.

During the fiscal year 2023G, the Issuer acquired an area equivalent to 25% of blocks No. (15-18-19-20) in Al-Qadisiyah neighborhood in Riyadh, and the deal was financed through the facilities granted to the group by Riyadh Bank. The value of lands ready for sale amounted to 18.4 million Saudi riyals as of December 31, 2023G, after additions amounting to 19.9 million Saudi riyals and disposals during the year amounting to 1.5 million Saudi riyals.

5-7-2-10 Related parties' balances

Table 74: Transactions and balances with related parties as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Nature of relationship	Nature of transactions	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
International Hotels Company	An entity owned by a shareholder of the Issuer	Rental income	3,500	6,325	6,325
		Expenses paid on behalf	-	494	-
Saleh bin Suleiman Al-Haqbani	Shareholder in the Subsidiary	Payment of an additional share in a Subsidiary's investment from the shareholder	8,854	4,300	1,500
Al-haqbani commercial group Company	An entity owned by a shareholder of the Issuer	Purchases	274	1,441	65
		Rental income	1,742	1,957	2,313
Al-Haqbani Information Technology Company	An entity owned by a shareholder of the Issuer	Purchases	275	265	225
		Rental income	124	124	92



Thousand Saudi Riyals	Nature of relationship	Nature of transactions	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Kemda house Company	Partner in an associate	Rental income	-	21	76
Badr bin Salman Al-Haqbani	Shareholder in the Subsidiary	Buying real estate investments	-	1,200	-
Ittihad Hitteen Real Estate Company	Associate	Management fees	160	175	147
Hawar International Company	Shareholder in the Subsidiary	Dividends payable	212	212	-
Arabian Company for Fans	An entity owned by a shareholder of the Issuer	Rental income	1,382	1,382	1,664
FAD Company for Mechanical & electrical	An entity owned by a shareholder of the Issuer	Rental income	114	139	188
Badia building Project	Joint venture	Collections on behalf	356	1,041	1,415
		Payments on behalf	-	-	628
Mall project - Block 14	Joint venture	Collections on behalf	-	2,805	6,023
		Payments on behalf	-	5,197	3,251
Banan Arabian Trading Company	An entity owned by a shareholder of the Issuer	Rental income	-	-	61
Speed Itgan Company.	An entity owned by a shareholder of the Issuer	Rental income	-	342	267
Sanad Holding Company	An entity owned by a shareholder of the Issuer	Rental income	-	-	112
Ahd Al-Inara Trading Company	An entity owned by a shareholder of the Issuer	Rental income	-	43	66
Summit Materials Trading Company	An entity owned by a shareholder of the Issuer	Rental income	-	53	80
Cracker Contracting Company	An entity owned by a shareholder of the Issuer	Rental income	-	221	213
Mohammed Abdulaziz Saleh Al-Haqbani	Partner in a joint venture	Revenues collected from the company on behalf of the partner's management fees	603	-	-
		Administrative fees	30	-	-
Al-Jawhara Mohammed Al-Shuwaier	Partner in a joint venture	Joint venture development costs	4,312	-	-

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2022G and 2023G





Table 75: Amounts due from related parties as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Hitteen Union Company (Associate)	146	162	148
Total	146	162	148

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Hitteen Union Company

The amounts due from related parties are primarily due to Hitteen Union Company, which is an associate of the Issuer, as the Issuer owns a 15.0% stake in Hitteen Union, and the transactions relate to administrative services provided by the Issuer to Hitteen Union Company, and the amount due from Hitteen Union amounted to 146 thousand Saudi riyals as of 31 December 2021G, 162 thousand Saudi riyals as of December 31, 2022G, and 148 thousand Saudi riyals as of December 31, 2023G.

Table 76: Amounts due to related parties as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Commercial Centre Project - Block 14	1,823	821	3,300
Saleh bin Suleiman Al-Haqbani	8,854	4,554	3,054
Badia building Project	475	907	1,606
Abdul Rahman bin Suleiman Al-Haqbani	-	-	701
Hawar International Company	401	614	-
Al-Haqbani Technology Company	-	52	-
Total	11,554	6,947	8,661

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Commercial Center Project - Block 14

It relates to an investment in a joint project that took place on November 1, 2019 with an investor and is related to a commercial center project in Riyadh. Transactions with the Issuer relate to collections and payments on behalf. The balance due to a related party decreased by 1.0 million Saudi riyals from 1.8 million Saudi riyals as of December 31, 2021G to 821 thousand Saudi riyals as of December 31, 2022G, as a result of the settlements made during the period. Then the balance increased from 821 thousand Saudi riyals as of December 31, 2022G to 3.3 million Saudi riyals as of December 31, 2023G as a result of net collections and payments made on behalf of the company during the year.

Saleh bin Suleiman Al-Haqbani

Mr. Saleh Suleiman Al-Haqbani is a shareholder in the Subsidiary, and the transactions with him relate to the purchase of additional shares in Al-Aziza Real Estate Investment and Development Company. The balance due to him decreased from 8.9 million Saudi riyals as of December 31, 2021G to 4.6 million Saudi riyals as of December 31, 2022G, and then to 3.1 million Saudi riyals as



of December 31, 2023G as a result of settlements during the period, as additional amounts of the investment total were paid.

Badia Architecture Project

It relates to an investment in a joint venture made on January 28, 2021G with one of the shareholders, which is a residential property in Riyadh. The outstanding balance increased from 475 thousand Saudi riyals as of December 31, 2021G to 907 thousand Saudi riyals as of December 31 2022G, then to 1.6 million Saudi riyals as of December 31 2023G. The balance due represents net collections and payments made on behalf of a related party.

Abdul Rahman bin Suleiman Al-Haqbani

Mr. Abdul Rahman Suleiman Al-Haqbani is a shareholder in the Subsidiary, and the transaction with him relates to the purchase of a villa in Jeddah on behalf of the Issuer during the year 2023G, amounting to 701 thousand Saudi riyals as of December 31, 2023G.

Hawar International Company

It is a shareholding company in the Subsidiary, and the transactions with the Issuer relate to accrued profits amounting to 401 thousand Saudi riyals as of December 31, 2021G and 614 thousand Saudi riyals as of December 31, 2022G. The outstanding balances with Hawar International Company were settled during the fiscal year 2023G and amounted to zero as of December 31, 2023G.

Al-Haqbani Technology Company

It is an entity owned by one of the Issuer's shareholders, and its transactions related to rental income and purchases. The outstanding balances with Al-Haqbani Technology Company amounted to zero as of December 31, 2021G, and 52 thousand Saudi riyals as of December 31, 2022G, and the balances with Al-Haqbani Technology Company were fully settled as of December 31, 2023G.

5-7-2-11 Prepaid expenses and other financial assets

Table 77: Prepaid expenses and other financial assets as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Employees receivable	439	454	525
Prepaid expenses	422	597	249
VAT receivable	404	-	-
Others	203	134	759
Total	1,468	1,185	1,533

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Prepaid expenses and other financial assets relate primarily to employee receivables, prepaid expenses, value added tax receivable and others.

Employees receivable

Employee receivables mainly related to loans to employees, particularly to employees of the Subsidiary, which are granted to employees based on management approval. It is worth noting





that all employees are eligible to receive advances of up to twice their basic salaries and are subsequently deducted from their salaries in 12 equal installments. It should be noted that the Issuer has not previously written off any receivables due from employees.

Employee receivables increased from 439 thousand Saudi riyals as of December 31, 2021G to 454 thousand Saudi riyals as of December 31, 2022G, and then to 525 thousand Saudi riyals as of December 31, 2023G as a result of the increase in the balance due in line with the increase in the number of employees.

Prepaid expenses

Prepaid expenses relate to rent, government fees, and insurance expenses paid in advance.

Prepaid expenses increased from 422 thousand Saudi riyals as of December 31, 2021G to 597 thousand Saudi riyals as of December 31, 2022G as a result of an increase in the cheques under collection and prepaid medical insurance expenses.

Prepaid expenses decreased from 597 thousand Saudi riyals as of December 31, 2022G to 249 thousand Saudi riyals as of December 31, 2023G, mainly due to the reclassification of cheques under collection into other expenses.

VAT receivables

VAT relates to the tax on invoices paid to contractors, subcontractors and suppliers, which is recovered from the Zakat, Tax and Customs Authority.

The value added tax receivables amounted to 404 thousand Saudi riyals as of December 31, 2021G, then it decreased to zero on December 31, 2022G and December 31, 2023G as a result of collections during the year.

Others

Other prepaid expenses decreased from 203 thousand Saudi riyals as of December 31, 2021G to 134 thousand Saudi riyals as of December 31, 2022G, then increased to 759 thousand Saudi riyals on December 31, 2023G.

5-7-2-12 Financial assets at fair value through profit or loss

Table 78: Financial assets at fair value through profit or loss as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Balance at the beginning of the year	13,261	22,871	-
Additions during the year	21,600	34,023	2,169
Disposals during the year	(13,893)	(56,894)	-
Change in fair value	1,904	-	467
Balance at the end of the year	22,871	-	2,637

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G



Financial assets at fair value through profit or loss represent investments in publicly traded securities and investment funds through portfolio managers.

Financial assets at fair value through profit or loss decreased from 22.9 million Saudi riyals as of December 31, 2021G to zero as of December 31, 2022G as a result of Al-Sadr selling his entire share of the investment in the fiscal year 2022G.

Financial assets at fair value through profit or loss increased from zero as of December 31, 2022G to 2.6 million Saudi riyals as of December 31, 2023G as a result of additions during the year amounting to 2.2 million Saudi riyals.

5-7-2-13 Cash and cash equivalents

Table 79: Cash and cash equivalents as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Cash at banks	14,107	3,445	8,767
Bank deposits	-	-	14,584
Cash in hand	8	9	-
Balance at the end of the year	14,116	3,454	23,351

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

The balance of cash and cash equivalents related to cash on hand and at banks, i.e. cash on hand that is used to cover daily expenses, and cash at bank, which includes cash restricted in the Issuer's balances held with banks.

Cash at banks

Cash at banks represents balances with local banks with high credit ratings. These balances are not subject to any bank interest. The book value of these assets is approximately equal to their fair value.

Cash at banks decreased from 14.1 million Saudi riyals as of December 31, 2021G to 3.4 million Saudi riyals as of December 31, 2022G as a result of settlement of payments during the year.

Cash at banks increased from 3.4 million Saudi riyals as of December 31, 2022G to 8.8 million Saudi riyals as of December 31, 2023G due to the increase in payments made by the Issuer's customers in addition to the loans received during the year.

Bank deposits

Bank deposits amounted to 14.6 million Saudi riyals as of December 31, 2023G, and they belong to short-term Mudarabah deposits of Al-Aziza Investment and Real Estate Development Company in Riyadh Bank.

Cash in hand

Cash in hand increased from 8 thousand Saudi riyals as of December 31, 2021G to 9 thousand Saudi riyals as of December 31, 2022G, then decreased to zero as of December 31, 2023G, as the nature of the Issuer's activity does not require the presence of a cash balance in the fund.





5-7-2-14 Owner's equity

Table 80: Owner's equity for the years 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Capital	200,000	200,000	200,000
Statutory reserve	5,011	7,662	7,662
Other reserves	39,414	39,486	39,621
Retained earnings	94,102	106,952	131,718
Total equity attributable to the shareholders of the parent company	338,527	354,100	379,002
Non-controlling interests	151,053	157,180	165,902
Total equity	489,581	511,280	544,904

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Owner's equity increased by 21.7 million Saudi riyals from 489.6 million Saudi riyals as of December 31, 2021G to 511.3 million Saudi riyals as of December 31, 2022G. The reason is mainly due to the increase in retained earnings by 12.9 million Saudi riyals from 94.1 million Saudi riyals to 107.0 million Saudi riyals in line with the Issuer recording profits amounting to 40.8 million Saudi riyals after consolidating the income statement with the Subsidiary during the year 2022G, in addition to the increase in shares. Non-controlling interest increased by 6.1 million Saudi riyals from 151.1 million Saudi riyals to 157.2 million Saudi riyals, which relates to shares owned by other shareholders in Al-Aziza Real Estate Investment and Development Company.

Owner's equity also increased by 33.6 million Saudi riyals from 511.3 million Saudi riyals as of December 31, 2022G to 544.9 million Saudi riyals as of December 31, 2023G. This is mainly due to the increase in retained earnings by 24.8 million Saudi riyals from 107.0 million Saudi riyals to 131.7 million Saudi riyals. One million Saudi riyals, as the Issuer recorded profits amounting to 43.9 million Saudi riyals during the year 2023G, in addition to an increase in non-controlling equity by 8.7 million Saudi riyals from 157.2 million Saudi riyals to 165.9 million Saudi riyals during the same period.

Capital

The capital amounted to 200 million Saudi riyals as of December 31, 2021G, 2022G, and 2023G, as the Issuer's capital consists of 200 million ordinary shares, with a nominal value of each share of 1 Saudi riyal, compared to a nominal value of 10 Saudi riyals per share in the fiscal years 2022G and 2021G. The Extraordinary General Assembly, at its meeting held on 25/11/1444H (corresponding to 14/06/2023G), approved the division of the Issuer's shares from 20 million ordinary shares to 200 million ordinary shares with a nominal value of 1 Saudi riyal for each share, and this did not result in a change in the value of the Issuer's capital.

Statutory reserve

The statutory reserve amounted to 5.0 million Saudi riyals as of December 31, 2021G, 7.7 million Saudi riyals as of December 31, 2022G, and 7.7 million Saudi riyals as of December 31, 2023G.



According to the provisions of the old bylaws of the Issuer, the Issuer must set aside 10% of the annual net profit to form the statutory reserve. The Ordinary General Assembly may decide to stop this transfer when the statutory reserve reaches 30% of the paid-up capital, noting that this reserve is not available for distribution. In 2023G, the Issuer amended its bylaws and the statutory reserve paragraph was deleted from the new bylaws in line with the provisions of the new companies' bylaws. However, the Issuer has not taken a decision regarding the disposition of this reserve.

Other reserves

Table 81: Other reserves for 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Contractual reserve	40,000	40,000	40,000
Remeasurement of employee benefit obligations	(379)	(514)	(586)
Total	39,414	39,486	39,621

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

On December 28, 2020, the Extraordinary General Assembly decided to approve the recommendation of the Issuer's Board of Directors at its meeting held on December 24, 2020, to form a contractual reserve to be financed from the balance due to shareholders in the amount of 40 million Saudi riyals, in accordance with the Issuer's bylaws, as the Ordinary General Assembly, based on a proposal the Board of Directors may set aside 5% of net profits to form a contractual reserve to be allocated for a specific purpose or purposes.

Retained earnings

Retained earnings consist of accumulated net income after deducting dividends and transfers to reserves. Retained earnings increased from 94.1 million Saudi riyals as of December 31, 2021G to 107.0 million Saudi riyals as of December 31, 2022G and to 131.7 million Saudi riyals as of December 31, 2023G as a result of the accumulation of profits generated during this period.

Non-controlling interests

Non-controlling interests amounted to 165.9 million Saudi riyals as of December 31, 2023G and related to the shares of other shareholders in the Subsidiary. It is worth noting that Al-Aziza Investment and Real Estate Development Company (Subsidiary) distributed profits to shareholders amounting to 12 million Saudi riyals, with the share of non-controlling interests amounting to 6.5 million Saudi riyals during the fiscal year 2023G, while the share of the Issuer's shareholders amounted to 5.5 million Saudi riyals during the same period.





5-7-2-15 Loans

Table 82: Loan movement as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Short term loans			
Balance at the beginning of the year	-	16,013	5,000
Loans received	21,513	8,000	10,000
Repaid loans	(5,500)	(19,013)	(15,000)
The balance of short-term loans at the end of the year	16,013	5,000	-
Long term loans			
Balance at the beginning of the year	-	122,673	78,022
Loans received	122,673	13,570	51,275
Repaid loans	-	(58,220)	(45,454)
Long-term loan balance at the end of the year	122,673	78,022	83,843
Long-term loans - current segment	18,072	13,037	28,731
Long-term loans - non-current portion	104,600	64,986	55,112
Total	122,673	78,022	83,843

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

The Issuer obtained Sharia-compliant loan facilities from a number of local commercial banks including Arab National Bank and Riyadh Bank. These facilities carry a commission according to the Saudi Interbank Interest Rate («**SIBOR**») plus an agreed upon interest rate. These loans are also guaranteed by promissory notes from the Issuer and its Subsidiary, in addition to real estate mortgaged with some local banks in exchange for the facilities granted to the Issuer and its Subsidiary. It is worth noting that there are no letters of guarantee or potential commitments related to these facilities.

The loans amounted to 83.8 million Saudi riyals as of December 31, 2023G, which are short- and long-term loans for the purpose of financing the purchase of additional investment properties.

The loan balance decreased from 138.7 million Saudi riyals on December 31, 2021G to 83.0 million Saudi riyals on December 31, 2022G as a result of repayments of 76.6 million Saudi riyals during the period, offset by additional proceeds from the loan amounting to 21.6 million Saudi riyals.

The balance of loans increased to 83.8 million Saudi riyals as of December 31, 2023G, as a result of additional amounts received from loans amounting to 61.3 million Saudi riyals, offset by settlements amounting to 60.4 million Saudi riyals during the year.



Table 83: Table of outstanding loans as of December 31, 2023G

Thousand saudi riyal	Financing start date	Type of facility	Original agree- ment	Purpose	The agree- ment that renewed on De- cember 27, 2023G	Credit balance as of Decem- ber 31, 2023G*	Annual interest	Promissory note	Mortgage	Terms and conditions
Riyad Bank	17/11/2021G	Credit line - short term	5,000	Part of a multi- purpose facility	7,500	-	SIBOR +1.5%		NA	Multiuse financing that is repayable one year from the date of grant.
Riyad Bank	17/11/2021G	Credit line - short term	1,000	Part of a multi- purpose facility	1,000	-	SIBOR +1.5%		NA	Multiuse financing that is repayable one year from the date of grant.
Riyad Bank	17/11/2021G	Credit line - short term	60	Multipurpose facility	60	-	SIBOR +1.5%		NA	Issuing 4 cards at an amount of 15 thousand Saudi riyals for each card.
Riyad Bank	17/11/2021G	Credit line - long term	15,000	Completion of the construction of Block 14 project	13,572	5,000 8,572	SIBOR +1.75%		Block 14 mortgage	The financing is repaid for a period of 7 years from the date of grant.
Riyad Bank	29/12/2020G	Credit line - long term	23,065	Purchase of Anas bin Malik building	16,475	12,475 4,000	SIBOR +1.75%		Anas bin Malik building mortgage	The financing is repaid in annual instalments over a period of 7 years.
Riyad Bank	29/12/2020G	Credit line - long term	6,502	Construction of a residential unit building in Al-Badi'ah neighbourhood	3,901	3,901	SIBOR +2.0%	A promissory note amounting to 85,082,000 Saudi riyals	Mortgage of the Hitteenn building	Exemption from leasing commission for financing. Allowing the limit to be implemented in brackets, with the value of the brackets not less than one thousand Saudi riyals, to be paid in annual payments for a period of 5 years for each brackets from the date of implementation.
Riyad Bank	17/11/2021G	Credit line - long term	10,000	Financing a furnished apartment building in the Sulaymaniyah district	7,143	-	SIBOR +1.75%		Mortgage of the Sulaymaniyah building	The financing is repaid in annual instalments for 7 years after the grant date. An original letter of support for the waiver from (the International Hotels Company) in the event that it leases the project.
Riyad Bank	21/12/2022G	Credit line - long term	29,800	Refinancing the client's obligations against the Oval Commercial Building mortgage	29,800	29,800	SIBOR +1.75%		Mortgage of the Oval building	The financing is repaid in equal annual instalments over 6 years. Waiving the rent of the property to be mortgaged, amounting to 8.1 million Saudi riyals.





Thousand saudi rial	Financing start date	Type of facility	Original agree- ment	Purpose	The agree- ment that renewed on De- cember 27, 2023G	Credit balance as of Dece- mber 31, 2023G*	Annual interest	Promissory note	Mortgage	Terms and conditions
Arab Bank	03/10/2021G	Credit line - long term	40,000 6,000	Commercial financing	-	-	SIBOR +2.0%	Building mortgage and promissory note amounting to 40 million Saudi riyals	The Oval building was mortgaged and the mortgage was released in January 2023G	All amounts were paid, the agreement was cancelled, the note was cancelled, and the mortgage was released in 2023G.
Riyad Bank (Subsidiary facilities)	23/11/2021G	Credit line - long term belongs to Subsidiary	45,000	Commercial financing	-	16,626	SIBOR +2%	A promissory note amounting to 59,575,000 Saudi riyals	New Center mortgage	Instalments over seven years - there is a mortgage for the New Center building.
	23/11/2021G	Credit line - short term belongs to Subsidiary	5,000	Multipurpose facility	-	-	SIBOR +1.5%			Payment is made one year from the date of grant.

Source: Management information

* The credit balance in the table above does not include the amount of interest due.

5-7-2-16 Lease liability

Table 84: Lease obligations as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Balance at the beginning of the year	-	-	-
Additions during the year	-	-	467
Commission expenses during the year	-	-	30
Paid during the year	-	-	(135)
Balance at the end of the year	-	-	362

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

The lease liability mainly related to the lease contract for the head office of Banan Real Estate Company, which was obtained during the year 2023G. The balance of lease liability amounted to 362 thousand Saudi riyals as of December 31, 2023G.



5-7-2-17 Employee benefits liabilities

Table 85: Employee benefits obligations as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Balance at the beginning of the year	1,258	1,247	1,403
Current service cost	145	242	260
Commission expense	37	39	57
Employee benefits expense recognized in profit or loss	182	281	317
Paid benefits	(228)	(8)	(86)
Actuarial loss/(gain) is recognized in other comprehensive income	36	(117)	(204)
Balance at the end of the year	1,247	1,403	1,429

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Employee benefit liabilities represent estimated amounts payable to employees upon termination of employment under local regulations and contractual arrangements.

Employee benefits liabilities increased from 1.2 million Saudi riyals as of December 31, 2021G to 1.4 million Saudi riyals as of December 31, 2022G and to 1.4 million Saudi riyals as of December 31, 2023G as a result of the increase in the number of employees during the fiscal years from 2021G to 2023G.

5-7-2-18 Trade payables and other Payable balances

Table 86: Trade payables and other Payable balances as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Advance rental income	13,854	12,766	16,461
Accrued VAT	626	777	1,123
Accrued remuneration	234	-	777
Trade payables	-	713	710
Insurances collected from third parties	608	756	629
Other	961	543	841
Total	16,283	15,555	20,541

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Advance rental income

Advance rental income related to the Group's contractual terms under tenant contracts which are typically based on semi-annual or annual payment terms. Advance rental income from 13.9 million





Saudi riyals in the fiscal year 2021G to 12.8 million Saudi riyals in the fiscal year 2022G, then increased to reach 16.5 million Saudi riyals as of December 31, 2023G, and is mainly represented by:

- 1- Banan Real Estate Company's properties (10.2 million Saudi riyals), the most important of which are the «Oval» building (9.2 million Saudi riyals), Al-Raed Building (258 thousand Saudi riyals), Al-Malqa Building (219 thousand Saudi riyals), and Hattin Building (176 thousand Saudi riyals), and others (841 thousand Saudi riyals);
- 2- Al-Aziza Real Estate Investment and Development Company's properties (6.2 million Saudi riyals), most of which are Al-Haqbani Commercial Center (2.6 million Saudi riyals), Al-Tahlia Commercial Center (1.6 million Saudi riyals), the new center building (796 thousand Saudi riyals), and the Musa Bin Building. Nasser (350 thousand Saudi riyals), and others (831 thousand Saudi riyals).

Accrued VAT

Accrued VAT related to amounts due to the Zakat, Tax and Customs Authority related to rental income. Accrued VAT increased from 626 thousand Saudi riyals in the fiscal year 2021G to 777 thousand Saudi riyals in the fiscal year 2022G and then to 1.2 million Saudi riyals in the fiscal year 2023G as a result of the increase in revenues and operations.

Accrued remuneration

Accrued remuneration amounted to 234 thousand Saudi riyals as of December 31, 2021G, while it amounted to 777 thousand Saudi riyals as of December 31, 2023G as a result of the increase in the number of employees during the period.

Trade payables

Trade payables amounted to 713 thousand Saudi riyals as of December 31, 2022G and 710 thousand Saudi riyals as of December 31, 2023G, and they mainly related to payables to Supplier No. 1 in connection with the development of the commercial complex (Block 14).

Insurance collected from third parties

The insurance collected from third parties represent the amounts that the Issuer collects from tenants as security deposits. Insurance collected from third parties increased from 608 thousand Saudi riyals on December 31, 2021G to 756 thousand Saudi riyals on December 31, 2022G, then decreased to 629 thousand Saudi riyals on December 31, 2023G.

Other

Other credit balances amounted to 841 thousand Saudi riyals as of December 31, 2023G, and mainly relate to accrued expenses, ticket allowance, vacations, and others.



5-7-2-19 Zakat

Table 87: Zakat provision as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Balance at the beginning of the year	302	1,512	1,149
Provisioned for the year	754	1,145	1,181
Settlements	-	765	-
Zakat provision for the acquired Subsidiary*	758	-	-
Paid during the year	(302)	(2,272)	(1,145)
Balance at the end of the year	1,512	1,149	1,186

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

*The Zakat provision for the acquired Subsidiary after the acquisition is included in the Issuer's Zakat provision during the year in both 2022G and 2023G.

The Zakat provision is calculated on the basis of the Zakat base of the Issuer and the independent Zakat base of the Subsidiary. The Zakat provision decreased from 1.5 million Saudi riyals on December 31, 2021G to 1.1 million Saudi riyals on December 31, 2022G, and then increased to 1.2 million Saudi riyals as of December 31, 2023G. This is mainly due to the increase in the Issuer's Zakat base in line with the increase in net income for the year.

Zakat assessments

Issuer - Banan Real Estate Company

The Issuer has submitted its Zakat returns for all years up to December 31, 2023G. The final assessments were issued from 2015G to 2017G by the Zakat, Tax and Customs Authority, resulting in an additional Zakat obligation amounting to 1,954 million Saudi riyals. The Issuer has objected to the General Secretariat of Tax Committees on some of the amounts of those assessments in the amount of 1,164 million Saudi riyals, the unobjected amounts have been paid, during the year 2022G, the decision of the General Secretariat of Tax Committees was received, resulting in a Zakat obligation in the amount of 218 thousand Saudi riyals, which was charged and paid during the year 2022G.

Subsidiary - Al-Aziza Investment and Development Company

The Subsidiary has submitted its Zakat returns for all years up to December 31, 2023G. The final assessments up to the year 2020G were issued by the Zakat, Tax and Customs Authority, resulting in an additional Zakat obligation of 547 thousand Saudi riyals, which was charged during the year ending December 31, 2022G.





5-7-3 Financing structure

Table 88: Source financing structure for the years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G	As of December 31, 2022G	As of December 31, 2023G
Total liabilities	169,281	108,076	116,022
Total debt	138,686	83,022	83,843
Cash and cash equivalents	14,116	3,454	23,351
Capital	200,000	200,000	200,000
Retained earnings	94,102	106,952	131,718
Total equity	489,581	511,280	544,904
Financing Structure (Total Debt + Equity)	628,267	594,302	628,747
Borrowing rate % (total debt/financing structure)	22.1%	14.0%	13.3%

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

5-7-4 Cash Flow Statement

Table 89: Cash flow statement for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Cash flows from operating activities			
Net income for the year before Zakat	25,083	42,681	45,076
Adjustments to reconcile income before Zakat to net cash flows:			
Depreciation of property, machinery and equipment	171	296	385
Depreciation of investment properties	2,431	6,824	7,109
Depreciation of right-of-use assets	-	-	107
Amortization of intangible assets	23	12	24
(Return)/ Impairment of investment properties	67	(1,066)	(2,412)
Losses from disposal of investment properties	-	658	-
Gains on disposal of property, plant and equipment	-	-	(23)
Share in (profit)/loss of a joint venture	(205)	(505)	(2,528)
Share in (profit)/losses of an associate	(11,557)	219	(1,021)
Gains from the sale of financial assets at fair value through profit or loss	(255)	(3,788)	-
(Gains)/losses on revaluation of financial assets at fair value through profit or loss	(274)	-	(467)
Allowance for expected credit losses	-	228	583
Provision for employee benefit obligations	87	242	260
Financing costs	491	4,736	6,255



Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Dividends from financial assets at fair value through other comprehensive income	(639)	-	-
Total	15,422	50,538	53,348
Changes in operating assets and liabilities:			
Trade receivables	(373)	(1,212)	(972)
Other financial assets measured at amortized cost and other receivable balances	(424)	283	(348)
Land Held for Sale	-	-	(18,432)
Trade and other Payables balances	3,173	(728)	4,986
Amounts due from/to related parties	356	(4,622)	1,728
Cash from operating activities	18,153	44,258	40,310
Paid financing costs	(114)	(4,697)	(6,168)
Paid employee benefits obligations	(190)	(8)	(86)
Zakat paid	(302)	(2,272)	(1,145)
Net cash from operating activities	17,547	37,281	32,911
Cash flows from investing activities			
Paid for the purchase of property, machinery and equipment	(601)	(437)	(957)
Paid for the purchase of investment properties	(122,232)	(7,779)	(2,802)
Paid for the purchase of intangible assets	-	(93)	-
Paid in the purchase of joint ventures	(4,491)	(5,347)	-
Paid to purchase financial assets at fair value through profit or loss	-	(34,023)	(2,169)
Proceeds from the sale of financial assets at fair value through profit or loss	5,579	60,682	-
Proceeds from disposal of investment properties	-	12,892	2,503
Proceeds from disposal of property, machinery and equipment	-	-	23
Dividends received from investments in an associate	5,100	300	178
Paid to purchase financial assets at fair value through other comprehensive income	(21,600)	-	-
Proceeds from the sale of financial assets at fair value through other comprehensive income	30,306	-	-
Dividends received from financial assets at fair value through other comprehensive income	639	-	-
Net cash (used in)/from investing activities	(107,299)	26,196	(3,225)
Cash flows from financing activities			
Lease liabilities payments	-	-	(135)
Loans received	93,818	21,570	61,275





Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Repaid loans	(5,500)	(77,234)	(60,454)
Dividend to shareholders	(5,000)	(18,475)	(10,475)
Net cash (used in)/from financing activities	83,318	(74,139)	(9,789)
Net increase/(decrease) in cash and cash equivalents	(6,435)	(10,661)	19,897
Cash and cash equivalents at the beginning of the year	13,813	14,116	3,454
Cash from acquisition at the beginning of the year	6,738	-	-
Cash and cash equivalents at the end of the year	14,116	3,454	23,351

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2022G and 2023G

Net cash from operating activities

Cash flow from operating activities increased from 17.5 million Saudi riyals in fiscal year 2021G to 37.3 million Saudi riyals in fiscal year 2022G. This increase is mainly due to an increase in earnings before interest, taxes, depreciation and amortization (+26.4 million Saudi riyals), partially offset by adjustments to some related party balances (-5.0 million Saudi riyals) and the impact of financing costs paid (-4.6 million Saudi riyals).

Cash flow from operating activities decreased from SAR 37.3 million in fiscal year 2022G to SAR 32.9 million in fiscal year 2023G, primarily due to the purchase of Land Held for Sale (-SAR 18.4 million), partially offset by an increase in trade payables and credit balances. Another credit in the amount of (+5.7 million Saudi riyals) in addition to an increase in earnings before interest, taxes, depreciation and amortization (+4.4 million Saudi riyals).

Net cash (used in)/from investing activities

Cash flow used in investment activities amounted to -107.3 million Saudi riyals as in fiscal year 2021G due to the purchase of investment properties during the period. While cash disbursement from investment activities amounted to 26.2 million Saudi riyals in the fiscal year 2022G, which was mainly represented by proceeds from the sale of financial assets at fair value, through profit or loss, and proceeds from the sale of investment properties, which were partially offset by the purchase of financial assets at fair value. through profit or loss during the period.

Cash flow used in investing activities amounted to -3.2 million Saudi riyals in fiscal year 2023G, mainly related to the purchase of investment properties and financial assets at fair value through profit or loss during the period, offset by proceeds from the sale of some property and equipment.

Net cash (used in)/from financing activities

Cash flow from financing activities decreased from SAR 83.3 million in fiscal year 2021G to -SAR 74.1 million in fiscal year 2022G, mainly due to the repayment of long-term loans amounting to SAR 58.2 million, coupled with a decrease in loans received.



Cash flow used in financing activities increased from -74.1 million Saudi riyals in the fiscal year 2022G to -9.8 million Saudi riyals in the fiscal year 2023G, mainly due to the increase in long-term loans received by 37.7 million Saudi riyals, as the balance reached the cash flow from those proceeds received is 51.3 million Saudi riyals during the year 2023G.

5-7-5 Subsequent events

The Issuer's Board of Directors approved the Issuer's transfer from the Parallel Market (Nomu) to the Main Market on 16/12/1444H, corresponding to 04/07/2023G, noting that the move to the Main Market is subject to the approval of the Saudi Exchange, and until the date of approval of the consolidated financial statements for the Fiscal Year 2023G, no response had been received from Saudi Exchange. Otherwise, management believes that there are no material subsequent events for the fiscal year ending December 31, 2023G, which may have a material impact on the Issuer's consolidated statement of financial position as shown in the 2023G consolidated financial statements.

5-7-6 Adjustments to prior years

During the year ending December 31, 2021G, the Issuer acquired and controlled the Subsidiary, and when preparing the consolidated financial statements for the first time, an error occurred while calculating the difference between the fair value model of investment properties followed by the Subsidiary and the cost model followed by the Issuer, which led to an error in calculating the allowance for impairment and depreciation of investment properties for the year 2022G. Accordingly, the Issuer's management has adjusted the financial information for the comparative years in the consolidated financial statements for the fiscal year 2023G to reflect the impact on real estate investments and related retained earnings, which are summarized below:

Table 90: Adjustments to the consolidated statement of financial position as of January 1, 2022G

Thousand Saudi Riyals	Balance as previously displayed	Adjustments	Adjusted balance
Investment properties	583,033	(669)	582,364
Retained earnings	94,411	(308)	94,102
Non-controlling interests	151,415	(361)	151,053

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Table 91: Adjustments to the consolidated statement of financial position as of December 31, 2022G

Thousand Saudi Riyals	Balance as previously displayed	Adjustments	Adjusted balance
Investment properties	567,805	3,029	570,834
Retained earnings	105,558	1,395	106,952
Non-controlling interests	155,545	1,634	157,180

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G





Table 92: Adjustments to the consolidated statement of profit or loss and comprehensive income for the year ending December 31, 2022G

Thousand Saudi Riyals	Balance as previously displayed	Adjustments	Adjusted balance
Cost of revenue	(11,325)	(26)	(11,350)
(Losses)/reversal of investment properties impairment	(2,658)	3,724	1,066
Net income for the year	37,073	3,698	40,772
Basic and diluted earnings per share attributable to common shareholders of the parent company	0.13	0.01	0.14

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

5-8 Results of operations for the six-months period ending on June 30, 2023G and 2024G

5-8-1 Consolidated statement of profit or loss and other comprehensive income

Table 93: consolidated statement of profit or loss and comprehensive income for the six-months period ending on June 30, 2023G and 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (unaudited)	Fiscal period ending June 30, 2024G (unaudited)	Percentage of change June 30, 2023G- June 30, 2024G
Revenues	32,415	59,524	83.6%
Cost of revenue	(6,623)	(23,266)	251.3%
Gross profit	25,791	36,258	40.6%
General and administrative expenses	(3,570)	(4,247)	19.0%
Profit from main operations	22,221	32,011	44.1%
A share in the profits of joint ventures	1,034	1,301	25.8%
Share in profit of an associate	207	188	(9.2%)
Realized gain from selling financial assets at fair value through profit and loss	-	4	NA
Change in fair value of financial assets at fair value through profit and loss	-	(102)	NA
Financing costs	(2,961)	(2,533)	(14.5%)
Other income, net	303	1,008	232.7%
Allowance for expected credit losses	(484)	(2,595)	436.2%
Impairment (Reversal) of investment properties	1,466	(2,532)	(272.7%)
Income before Zakat	21,787	26,749	22.8%
Zakat	(201)	(546)	171.6%
Net income for the period	21,586	26,203	21.4%
Net income for the year attributable to:			



Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (unau- dited)	Fiscal period ending June 30, 2024G (unau- dited)	Percentage of change June 30, 2023G- June 30, 2024G
Shareholders of the parent company	13,810	20,055	45.2%
Non-controlling interests	7,776	6,149	(20.9%)
Total net income for the period	21,586	26,203	21.4%
Other comprehensive income			
Items that will not be reclassified to the profit or loss list in later periods:			
Remeasurement of employee benefit obligations	173	(52)	(130.1%)
Total comprehensive income for the period	21,759	26,152	20.2%
Total comprehensive income for the period attributable to:			
Shareholders of the parent company	13,968	20,000	43.2%
Non-controlling interests	7,791	6,152	(21.0%)
Total	21,759	26,152	20.2%
As a percentage of revenue			%Point
Gross profit	79.6%	60.9%	(18.7)
General and administrative expenses	(11.0%)	(7.1%)	3.9
Profit from key operations	68.6%	53.8%	(14.8)
Financing costs	(9.1%)	(4.3%)	4.8
Other income, net	0.9%	1.7%	0.8
Zakat	(0.6%)	(0.9%)	(0.3)
Net income	66.6%	44.0%	(22.6)

Source: Condensed consolidated interim financial statements for the fiscal period ending June 30, 2024G

Revenues

Revenues increased by 83.6% from SAR 32.4 million in the six-months period ending June 30, 2023G to SAR 59.5 million in the six-months period ending June 30, 2024G due to an increase in revenues from the sale of investment properties and land available for sale amounting to SAR 23.5 million, as the source sold 4 blocks of land in the Qadisiyah area owned by Banan Real Estate Company, which generated revenues by SAR 26.3 million during the period.

In addition to an increase in rental revenues worth SAR 3.6 million attributable to:

- 1- Banan Real Estate Company's lease contracts worth SAR 2.1 million as a result of the increase in revenues from (1) Oval Building worth SAR 1.4 million and (2) Hitteen Building worth SAR 380 thousand during the period, consistent with the increase in the rental value of existing lease contracts.
- 2- Lease contracts for Al-Azizah Company worth 1.5 million Saudi riyals, consistent with the increase in the rental value of existing lease contracts.

Cost of Revenue

Cost of revenue increased by 251.3% from SAR 6.6 million in the six-months period ending June 30, 2023G to SAR 23.3 million in the six-months period ending June 30, 2024G mainly due to an





increase in the cost of real estate sold as the issuer sold 4 plots of land in the Qadisiyah area with a net book value of SAR 18.4 million.

Gross profit

Gross profit increased by 40.6% from SAR 25.8 million in the six-month period ended June 30, 2023G to SAR 36.3 million in the six-month period ended June 30, 2024G due to an increase in total operations and mainly in revenues from the sale of investment properties. However, the gross profit margin decreased from 79.6% in the six-month period ended June 30, 2023G to 60.9% in the six-month period ended June 30, 2024G mainly due to an increase in real estate sales investment during the period, which records lower profit margins than rental operations.

General and administrative expenses

General and administrative expenses increased by 19.0% from SAR 3.6 million in the six-months period ending June 30, 2023G to SAR 4.2 million in the six-months period ending June 30, 2024G. The reason for this rise is the increase in professional and consulting fees of SAR 671 thousand, mainly related to the expenses of the Issuer's advisors in transitioning to the main capital market.

Share in profit of joint ventures

The Issuer's share in profit of joint ventures in the Al Badiyah Building Project and the Block 14 Mall Project, where the Issuer's share in profit amounted to SAR 1.0 million in the six-months period ending June 30, 2023G and SAR 1.3 million in the six-months period ending June 30, 2024G.

Share in profit/(loss) of an associate

The Issuer's share in the profit of an associate amounted to SAR 207 thousand in the six-month period ended June 30, 2023G and SAR 188 thousand in the six-month period ended June 30, 2024G, related profits to the issuer's share of of (Etihad Hittin Real Estate Company), which amounted to 15% during the period.

Realized gain from selling financial assets at fair value through profit or loss

Realized gain from selling financial assets at fair value through profit or loss amounted to SAR 4 thousand during the six-month period ended June 30, 2024G, related profits to gains realized from investing in traded securities and investment funds.

Change in fair value of financial assets at fair value through profit and loss

The change in fair value of financial assets at fair value through profit and loss amounted to a loss of SAR 102 thousand, related to the change in the fair value of investments in traded securities and investment funds. It is worth noting the issuer invested in these securities in the second half of fiscal year 2023G.

Financing costs

Financing costs decreased by 14.5% from SAR 3.0 million in the six-month period ended June 30, 2023G to SAR 2.5 million in the six-month period ended June 30, 2024G as a result of the repayment of certain loans during the same period.



Other revenues, net

Other revenues, net increased by 232.7% from SAR 303 thousand in the six-month period ended June 30, 2023G to SAR 1.0 million in the six-month period ended June 30, 2024G and this increase was primarily related to interest income from bank deposits, service and management revenues, and others.

Allowance for expected Credit Loss

Allowance for expected credit loss increased by 436.2% from SAR 484 thousand in the six-month period ended June 30, 2023G to SAR 2.6 million in the six-month period ended June 30, 2024G, in line with the increase in trade receivables (greater than 365 days) from SAR 830 thousand as of December 31, 2023G to SAR 2.0 million as of June 30, 2024G.

Impairment (reversal of impairment) in the value of investment properties

The issuer reversed impairment losses in the value of investment properties amounting to SAR 1.5 million in the six-month period ended June 30, 2023G, which relates to the impairment of buildings recorded within the properties of Al Azizah Investment and Real Estate Development Company. As for the six-month period ended June 30, 2024G, the impairment of investment properties amounted to SAR 2.5 million in the six-month period ended June 30, 2024G.

Zakat

Zakat increased by 171.6% from SAR 201 thousand in the six-month period ended June 30, 2023G to SAR 546 thousand in the six-month period ended June 30, 2024G, in line with the increase in the Zakat base during the period.

Net Income

Net income increased by 21.4% from SAR 21.6 million in the six-month period ended June 30, 2023G to SAR 26.2 million in the six-month period ended June 30, 2024G, with the net income margin decreasing from 66.6% to 44.0% due to an increase in general and administrative expenses and an allowance for expected credit losses.

5-8-1-1 Revenue

Table 94: Revenue by Issuer and Subsidiary for the Six-Month Period Ended June 30, 2023G and 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Man- agement information)	Fiscal period ending June 30, 2024G (Man- agement information)	Percentage of change June 30, 2023G - June 30, 2024G
Banan Real Estate Company			
Rental income	12,191	14,308	17.4%
Income from the sale of investment properties	-	26,302	NA
Total revenues of Banan Real Estate Company	12,191	40,610	233.1%
Al-Aziza Investment and Real Estate Development Company			
Rental income	17,424	18,914	8.6%





Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Man- agement information)	Fiscal period ending June 30, 2024G (Man- agement information)	Percentage of change June 30, 2023G - June 30, 2024G
Income from the sale of investment properties	2,800	-	NA
Total revenues of Al-Aziza Real Estate Investment and Development Company	20,224	18,914	(6.5%)
Total revenue	32,415	59,524	83.6%
As a percentage of the total			%Point
Banan Real Estate Company	37.6%	68.2%	30.6
Al-Aziza Investment and Real Estate Development Company	62.4%	31.8%	(30.6)

Source: Management Information

Table 95: Percentage of revenues by activity out of the total for the fiscal periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management infor- mation)	Fiscal period ending June 30, 2024G (Management infor- mation)	Percentage of change June 30, 2023G- June 30, 2024G
As a percentage of total revenue			
Banan Real Estate Company			%Point
Rental income	100.0%	35.2%	(64.8)
Income from the sale of investment properties	-	64.8%	NA
Total revenues of Banan Real Estate Company	100.0%	100.0%	0.0
As a percentage of			%Point
Rental income	86.2%	100.0%	13.8
Income from the sale of investment properties	13.8%	-	NA
Total revenues of Al-Aziza Real Estate Investment and Development Company	100.0%	100.0%	0.0

Source: Management information

The issuer's revenues are divided by activity into rental activity revenues and investment property sales activity revenues, which constitute approximately 74% and 26%, respectively, of total revenues during the fiscal period ending June 30, 2023G and 2024G. Revenues from Banan Real Estate Company constituted approximately 38% and 68% of the issuer's total revenues during the six-month period ending June 30, 2023G and 2024G, respectively. As for the revenues of the subsidiary (Al-Aziza Real Estate Investment and Development Company), they constituted approximately 62% and 32% of total consolidated revenues during the fiscal period ending June 30, 2023G and 2024G, respectively.



5-8-1-2 Rental revenue

Rental income from related parties

Table 96: Rental income from related parties for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
International Hotels Company	2,750	3,000	9.1%
Al-haqbani commercial group Company	980	1,208	23.3%
Arabian Company for Fans	723	992	37.2%
FAD Company for Mechanical & electrical	89	291	227.0%
Speed Itgan Company	114	126	10.5%
Cracker Contracting Company	92	117	27.2%
Sanad Holding Company	49	53	8.2%
Al-Haqbani Information Technology Company	40	41	2.5%
Summit Materials Trading Company	35	40	14.3%
Kemda house Company	33	33	0.0%
Era Lighting for Trading	28	31	10.7%
Banan Arabian Trading Company	26	28	7.7%
Total rental income from related parties	4,959	5,960	9.1%
As a percentage of			% Point
Total rental income from related parties	16.7%	17.9%	1.2
Of total revenue	15.3%	10.0%	(5.3)

Source: Management information

Note: The above revenues are shown without considering the VAT amount.

Rental income from the five largest properties of the Issuer and its Subsidiary

Table 97: Rental income from the largest (5) real estate properties of the Issuer and its Subsidiary for the fiscal periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G(Manage- ment information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Al-Haqbani Commercial Center	5,047	5,582	10.6%
Oval Building	4,170	5,560	33.3%
Tahlia Mall	3,560	3,778	6.1%
New Center Building	3,004	3,134	4.3%
Voyage Center	1,975	2,219	12.4%
Top 5 properties	17,756	20,273	14.2%





Thousand Saudi Riyals	Fiscal period ending June 30, 2023G(Manage- ment information)	Fiscal period ending June 30, 2024G (Management infor- mation)	Percentage of change June 30, 2023G- June 30, 2024G
Other real estate	11,859	12,949	9.2%
Total revenue	29,615	33,222	12.2%
As a percentage of			% Point
Al-Haqbani Commercial Center	17.0%	16.8%	(0.2)
Oval Building	14.1%	16.7%	2.6
Tahlia Mall	12.0%	11.4%	(0.6)
New Center Building	10.1%	9.4%	(0.7)
Voyage Center	6.7%	6.7%	-
Top 5 properties	60.0%	61.0%	1.0
Other properties	39.1%	39.0%	(0.1)

Source: Management information

Rental revenues from the five (5) largest properties of the Issuer and its Subsidiary Company accounted for 61% of total rental revenues for the six-month period ending June 30, 2024G, three (3) of these properties are belonging to Al Azizah Real Estate Investment and Development Company (the subsidiary) while two properties belonging to Banan Real Estate Company.

Rental income - Banan Real Estate Company

Table 98: Rental income from Banan Real Estate Company for the fiscal periods ending on June 30, 2023G, 2023G, and 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management informa- tion)	Fiscal period ending June 30, 2024G (Management informa- tion)	Percentage of change June 30, 2023G- June 30, 2024G
Oval Building	4,170	5,560	33.3%
Voyage Building	1,975	2,219	12.4%
Hattin Building	1,340	1,720	28.4%
Plaza 46	1,917	1,645	(14.2%)
Anas bin Malik Building	1,158	1,427	23.2%
Sulaymaniyah Building	1,057	1,057	0.0%
Al-Raed Building	398	504	26.6%
Al Wadi Building	175	175	0.0%
Total revenue	12,191	14,308	17.4%

Source: Management information

Banan Real Estate Company generates revenues through leasing 8 owned properties as of June 30, 2024G



Revenues increased by 17.4% from SAR 12.2 million in the six-month period ending 30 June 2023G to SAR 14.3 million in the six-month period ending 30 June 2024G due to higher revenues from the fully leased Al Oval Building to Client No. 1 by SAR 1.4 million, in addition to the Hittin Building and Anas Bin Malik Building with SAR 380 thousand and SAR 269 thousand respectively, due to the annual rent increase.

Rental income - Al-Aziza Real Estate Investment and Development Company

Table 99: Rental income from Al-Aziza Real Estate Investment and Development Company for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G(Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Al-Haqbani Commercial Center	5,047	5,582	10.6%
Tahlia Mall	3,560	3,778	6.1%
New Center Building	3,004	3,134	4.3%
Other properties *	5,813	6,420	10.4%
Total revenue	17,424	18,914	8.6%

Source: Management information

*Other Properties consist of 20 diverse properties including commercial spaces, residential buildings and warehouses for rent and revenue generation.

Rental income from the Subsidiary increased by 8.6% from 17.4 million Saudi riyals in the six-month period ending on June 30, 2023G to 18.9 million Saudi riyals in the six-month period ending on June 30, 2024G as a result of the increase in revenues from the Tahlia Mall and the Al-Haqbani Mall due to the increase in annual rent.

Table 100: Rental revenue from the top 4 clients for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Client No. 1	4,195	5,560	32.5%
International Hotels Company	2,750	3,000	9.1%
Client No. 2	1,340	1,720	28.4%
Client No. 19	1,345	1,344	(0.1%)
Top 4 clients	9,630	11,624	20.7%
Other tenants	19,985	21,598	8.1%
Total revenues from leasing activity	29,615	33,222	12.2%
As a percentage of the total			% Point
Client No. 1	14.2%	16.7%	2.5





Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
International Hotels Company	9.3%	9.0%	(0.3)
Client No. 2	4.5%	5.2%	0.7
Client No. 19	4.5%	4.0%	(0.5)
Top 4 clients	32.5%	35.0%	2.5
Other tenants	67.5%	65.0%	(2.5)

Source: Management information

Note: Customers are referred to by different numbers with each number referring to a specific customer where applicable in the document.

The Issuer's rental revenues is concentrated from four main tenants, including (1) Client No. 1 , which represented an average of 16.7% of the total rental activity revenues, (2) the International Hotels Company, which represented 9.0% of the total rental activity revenues, (3) Client No. 2, which represented 5.2% of the total revenues of the leasing activity, and (4) Client No. 19, which represented 4.0% of the total revenues of the leasing activity in the six -month period ending on June 30, 2024G. The total revenues from the 4 largest clients amounted to 9.6 million Saudi riyals (32.5% of the total revenues of the leasing activity) in the six -month period ending on June 30, 2023G and rose to 11.6 million Saudi riyals (35.0% of the total revenues of the leasing activity) in the six -month period ending on June 30, 2024G.

5-8-1-3 Gain on Sale of Investment Property

Table 101: Revenues from the sale of investment properties for the fiscal periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Block 15	-	8,907	NA
Block 18	-	6,653	NA
Block 19	-	6,376	NA
Block 20	-	4,366	NA
Al Hada Villas	2,800	-	(100%)
Total revenue	2,800	26,302	839.4%

Source: Management information

Revenue from sale of investment properties represents proceeds from the sale of residential or commercial units within buildings and lands owned by the issuer. Revenue from sale of investment properties increased by 839.4% from SAR 2.8 million in the six-month period ended June 30, 2023G to SAR 26.3 million in the six-month period ended June 30, 2024G as a result of the sale of 94 units from Al Qadisiyah land within «**Blocks 15, 18, 19 and 20**». It should be noted that these units did not previously generate any revenues for the Issuer.



5-8-1-4 Cost of revenues

Table 102: Cost of revenues by company for the fiscal periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Banan Real Estate Company	2,056	20,515	897.8%
Al-Aziza Investment and Real Estate Development Company	4,567	2,750	(39.8%)
Total	6,623	23,266	251.3%
As a percentage of the total			% Point
Banan Real Estate Company	31.0%	88.2%	57.1
Al-Aziza Investment and Real Estate Development Company	69.0%	11.8%	(57.1)

Source: Management information

Table 103: Cost of revenues for the fiscal periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Audited)	Fiscal period ending June 30, 2024G (Audited)	Percentage of change June 30, 2023G- June 30, 2024G
Cost of real estate and land sold	2,503	18,432	636.4%
Depreciation of investment properties	3,259	3,540	8.6%
Salaries, wages and it's equivalents	-	493	N/A
Maintenance and materials	404	325	(19.6%)
Electricity and water	177	217	22.6%
Depreciation of property and equipment	99	-	(100.0%)
Other	181	258	42.5%
Total	6,623	23,266	251.3%
As a percentage of revenue			% Point
Cost of real estate and land sold	7.7%	31.0%	23.2
Depreciation of investment properties	10.1%	5.9%	(4.1)
Salaries, wages and it's equivalents	0.0%	0.8%	0.8
Maintenance and materials	1.2%	0.5%	(0.7)
Electricity and water	0.5%	0.4%	(0.2)
Depreciation of property and equipment	0.3%	0.0%	(0.3)
Other	0.6%	0.4%	(0.2)
Total	20.4%	39.1%	18.7

Source: Management information

Cost of real estate and land sold





The cost of real estate and land sold represents the net book value of the properties sold.

The cost of real estate and land sold increased by 636.4% from SAR 2.5 million in the six-month period ended June 30, 2023G to SAR 18.4 million in the six-month period ended June 30, 2024G as a result of the sale of four plots of land in the Qadisiyah area to Banan Real Estate Company during 2024G.

Depreciation of investment properties

The depreciation of investment properties is represented by the depreciation of buildings, where the depreciation cost constitutes approximately 15.2% of the total cost of revenue of the issuer in the six-month period ended June 30, 2024G.

The depreciation of investment properties increased by 8.6% from SAR 3.3 million in the six-month period ended June 30, 2023G to SAR 3.5 million in the six-month period ended June 30, 2024G, due to the improvements made to the Voyage Hotel.

Salaries, wages and it's equivalents

Salaries and wages amounted to SAR 493 thousand in the six-month period ended June 30, 2024G due to the reclassification of maintenance staff expenses in Azizah Company from general and administrative expenses to cost of revenue.

Maintenance and materials

Maintenance and materials costs related to materials used and maintenance performed on the Group's main operations.

Maintenance and materials costs decreased by 19.6% from SAR 404 thousand in the six-month period ended June 30, 2023G to SAR 325 thousand in the six-month period ended June 30, 2024G due to maintenance costs incurred during the previous period.

Electricity and Water

Electricity and water costs increased by 22.6% from SAR 177 thousand in the six-month period ended June 30, 2023G to SAR 217 thousand in the six-month period ended June 30, 2024G. This is due to the increase in operating rates during the same period, especially in Plaza 46 and New Center (Al Aziza) buildings.

Depreciation of property and equipment

Depreciation expense on property and equipment decreased by 100.0% from SAR 99 thousand in the six-month period ended June 30, 2023G to nil in the six-month period ended June 30, 2024G due to the disposal of property and assets during the previous period.

Other

Other expenses relate to various operating expenses including telephone, internet, air conditioning, etc. Other expenses increased by 42.5% from SAR 181 thousand in the six-month period ended



June 30, 2023G to SAR 258 thousand in the six-month period ended June 30, 2024G, in line with the increase in operating ratios during the same period.

5-8-1-5 Gross profit by company

Table 104: Gross profit by company for the fiscal periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Banan Real Estate Company	10,135	20,094	98.3%
Al-Aziza Investment and Real Estate Development Company	15,657	16,164	3.2%
Gross profit	25,791	36,258	40.6%
Gross profit margin			
Banan Real Estate Company	83.1%	49.5%	(33.6)
Al-Aziza Investment and Real Estate Development Company	77.4%	85.5%	8.1
Total	79.6%	60.9%	(18.7)

Source: Management information

Banan Real Estate Company

Gross profit increased by 98.3% from SAR 10.1 million in the six-month period ended June 30, 2023G to SAR 20.1 million in the six-month period ended June 30, 2024G as a result of an increase in revenues from SAR 12.2 million to SAR 40.6 million during the same period. However, the gross profit margin decreased from 83.1% in the six-month period ended June 30, 2023G to 49.5% in the six-month period ended June 30, 2024G. Due to the change in sales mix during the same period, the gross profit margin from the sale of investment properties is lower than the gross profit margin from rental income.

Al Azizah Real Estate Investment and Development Company

Gross profit increased by 3.2% from SAR 15.7 million in the six-month period ended June 30, 2023G to SAR 16.2 million in the six-month period ended June 30, 2024G. The gross profit margin increased from 77.4% in the six-month period ended June 30, 2023G to 85.5% in the six-month period ended June 30, 2024G in line with the increase in revenues due to the increase in annual rental value.





5-8-1-6 General and administrative expenses

Table 105: General and administrative expenses by company for the fiscal periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Banan Real Estate Company	2,289	2,792	22.0%
Al-Aziza Investment and Real Estate Development Company	1,726	1,456	(15.6%)
Total	4,015	4,247	5.8%
Adjustments related to consolidation	(445)	-	(100.0%)
After excluding adjustments related to consolidation	3,570	4,247	19.0%
<i>As a percentage of the total before consolidation</i>			<i>%Point</i>
Banan Real Estate Company	57.0%	65.7%	8.7
Al-Aziza Investment and Real Estate Development Company	43.0%	34.3%	(8.7)

Source: Management information

Table 106: General and administrative expenses for the fiscal periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Salaries, wages, and the like	2,456	2,016	(17.9%)
Professional and consulting fees	229	900	293.0%
Board and committee remuneration	-	461	N/A
Governmental fees	348	326	(6.3%)
Depreciation of property and equipment	58	249	329.3%
Stationery and printing	63	11	(82.5%)
Depreciation of right-of-use assets	95	58	(38.9%)
Car expenses	6	-	(100.0%)
Electricity and telephone	16	7	(56.3%)
Amortization of intangible assets	5	12	140.0%
General Maintenance	17	-	(100.0%)
Other	278	206	(25.9%)
Total	3,570	4,247	19.0%
<i>As a percentage of revenue</i>			<i>%Point</i>
Salaries, wages, and the like	7.6%	3.4%	(4.2)
Professional and consulting fees	0.7%	1.5%	0.8
Remuneration for members of the Board of Directors and committees	0.0%	0.8%	0.8



Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Governmental fees	1.1%	0.5%	(0.6)
Depreciation of property and equipment	0.2%	0.4%	0.2
Stationery and printing	0.2%	0.0%	(0.2)
Depreciation of right-of-use assets	0.3%	0.1%	(0.2)
Car expenses	0.0%	0.0%	-
Electricity and telephone	0.0%	0.0%	-
Amortization of intangible assets	0.0%	0.0%	-
General Maintenance	0.1%	0.0%	(0.1)
Other	0.9%	0.3%	(0.6)
Total	11.0%	7.1%	(3.9)

Source: Management information

General and administrative expenses mainly relate to salaries, wages and equivalents expenses (47.5% of total general and administrative expenses for the six-month period ended June 30, 2024G), professional and consulting fees (21.1%), remuneration of members of the Board of Directors and committees (10.9%), government fees, and other expenses.

Salaries, wages and similar

Salaries, wages and equivalents related to salaries of full-time employees and head office employees.

Salaries, wages and equivalents expenses decreased by 17.9% from SAR 2.5 million in the six-month period ended June 30, 2023G to SAR 2.0 million in the six-month period ended June 30, 2024G, mainly due to the reclassification of salaries and wages of direct labor in Azizah to cost of revenue.

Professional and consulting fees

Professional and consulting fees related to audit, legal and consulting fees incurred by the issuer.

Professional and advisory fees increased by 293.0% from SAR 229 thousand in the six-month period ended June 30, 2023G to SAR 900 thousand in the six-month period ended June 30, 2024G on the back of an increase in primary market expenses due to (a) the expected move to the Main Market (SAR 523.8 thousand), and (b) market maker fees (SAR 90 thousand) in line with the appointment of Al Rajhi Capital to manage the issuer's liquidity in Nomu.

Board and Committee Remuneration

The Board and Committee Remuneration Expenses increased from Zero in the six-month period ended June 30, 2023G to SAR 461 thousand in the six-month period ended June 30, 2024G due to changes in the Board of Directors' remuneration rules as stipulated by the Capital Market Authority. The Issuer did not calculate any remuneration for Board members during 2023G.





Government Fees

Government fees mainly represent residency and visa fees for expatriate employees.

Government fees remained stable at an average of SAR 337 thousand during the six-month period ended June 30, 2023G and 2024G, in line with the stability of the number of non-Saudi employees.

Depreciation of Property and Equipment

Depreciation of property and equipment relates to the depreciation of electrical appliances, air conditioners, vehicles and computers associated with the head office.

Depreciation expense on property and equipment increased by 329.3% from SAR 58 thousand in the six-month period ended June 30, 2023G to SAR 249 thousand in the six-month period ended June 30, 2024G due to additions to furniture and fixtures during the same period.

Stationery and Printing

Stationery and printing expenses decreased by 82.5% from SAR 63 thousand in the six-month period ended June 30, 2023G to SAR 11 thousand in the six-month period ended June 30, 2024G as a result of management's efforts to rationalize spending and secure the issuer's needs in the previous period.

Depreciation of Right-of-Use Assets

The depreciation of Right-of-Use Assets related to the Issuer's lease in Block 14 Mall, which is the head office acquired in fiscal year 2023G.

Depreciation expense decreased by 38.9% from SAR 95 thousand in the six-month period ended June 30, 2023G to SAR 58 thousand in the six-month period ended June 30, 2024G.

Vehicle Expenses

Vehicle expenses relate to vehicles used by the Issuer's employees.

Vehicle expenses decreased from SAR 6 thousand in the six-month period ended June 30, 2023G to Nil in the six-month period ended June 30, 2024G as a result of reclassifying the account to cost of revenue.

Electricity and Telephone

This item relates to electricity and telephone expenses for the Issuer's head office and its subsidiary.

Electricity and telephone expenses decreased by 56.3% from SAR 16 thousand in the six-month period ended June 30, 2023G to SAR 7 thousand in the six-month period ended June 30, 2024G due to the management office moving to a smaller office space.

Amortization of Intangible Assets

The amortization expense of intangible assets relates to the amortization charges of the electronic software used in the head office of the issuer's operations. The amortization expense of intangible



assets increased by 140.0% from SAR 5 thousand in the six-month period ended June 30, 2023G to SAR 12 thousand in the six-month period ended June 30, 2024G. This is due to additional amortization expenses during the period related to the ERP System acquired for the subsidiary.

General Maintenance

The cost of general maintenance decreased by 100.0% from SAR 17 thousand in the six-month period ended June 30, 2023G to nil in the six-month period ended June 30, 2024G, where there was no need to carry out additional maintenance during the six-month period of 2024G after the maintenance carried out during the previous period on the non-rented units.

Other

Other general and administrative expenses mainly consist of utilities and miscellaneous expenses.

Other general and administrative expenses decreased by 25.9% from SAR 278 thousand in the six-month period ended June 30, 2023G to SAR 206 thousand in the six-month period ended June 30, 2024G due to the Management measures to reduce some miscellaneous administrative expenses.

5-8-1-7 Other revenues

Table 107: Other revenues for the six-months periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Services and management	179	191	6.7%
Interest income from bank deposits	14	589	4,107.1%
Pursual revenue	15	-	(100.0%)
Other	95	229	139.9%
Total	303	1,008	232.6%
As a percentage of the total			% Point
Services and management	0.6%	0.3%	(0.3)
Interest income from bank deposits	0.0%	1.0%	1.0
Pursual revenue	0.0%	0.0%	-
Other	0.3%	0.4%	0.1
Total	0.9%	1.7%	0.8

Source: Management information

Services and Management

Services and Management relates to revenues from management services for properties managed by the Issuer.

Services and Management revenues increased by 6.7% from SAR 179 thousand in the six-month period ended June 30, 2023G to SAR 191 thousand in the six-month period ended June 30, 2024G





and relates to income from the management of Plaza 46, Al Raed Building, Al Sulaimania Hotel, and others

Interest income from bank deposits

Bank Deposit Interest Income increased by 4,107.1% from SAR 14 thousand in the six-month period ended June 30, 2023G to SAR 589 thousand in the six-month period ended June 30, 2024G due to bank deposits placed with local banks during 2024G at an average interest rate of 5% to 6%, and these deposits are renewed every six months to one year based on the Issuer's liquidity needs.

Pursual revenue

Pursual revenue related to commissions on leased units.

Pursual revenue decreased by 100.0% from SAR 15 thousand the six-month period ended June 30, 2023G to nil in the six-month period ended June 30, 2024G due to recent legal changes prohibiting property owners from collecting commission revenue, with commission fees being limited to third-party agents and rental representatives.

Other

Other revenue related to government support revenue (such as the Employment Support Program).

Other revenue increased by 139.9% from SAR 95 thousand in the six-month period ended June 30, 2023G to SAR 229 thousand in the six-month period ended June 30, 2024G due to government support related to supporting the employment of local employees.

5-8-1-8 Financing costs

Table 108: Financing costs for the six-months periods ending on June 30, 2023G, 2024G

Thousand Saudi Riyals	Fiscal period ending June 30, 2023G (Management information)	Fiscal period ending June 30, 2024G (Management information)	Percentage of change June 30, 2023G- June 30, 2024G
Financing costs on loans	2,899	2,487	(14.2%)
Commission expense on employee benefit liabilities	36	33	(8.3%)
Financing costs on lease liabilities	26	13	(50.0%)
Total	2,961	2,533	(14.5%)

Source: Management information

Financing costs on loans

Financing costs on loans decreased from SAR 2.9 million in the six-month period ended June 30, 2023G to SAR 2.5 million in the six-month period ended June 30, 2024G as a result of the repayment of some loans utilized during the period.

Commission expense on employee benefit liabilities

Commission expense on employee benefit Liabilities stabilized at an average of SAR 35 thousand during the six-month period ended June 30, 2023G and 2024G.



Financing costs on lease liabilities

Financing costs on lease liabilities decreased from SAR 26 thousand in the six-month period ended June 30, 2023G to SAR 13 thousand in the six-month period ended June 30, 2024G, in line with the decrease in the balance of lease obligations.

5-8-2 Consolidated statement of financial position

Table 109: Statement of financial position as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Unaudited)
Assets		
Non-current assets		
Investment properties	566,474	562,195
Property and equipment	1,905	1,591
Intangible assets	69	58
Investments in joint ventures	32,255	33,557
Investments in an associate	10,079	10,267
Right-of-use assets	360	302
Total non-current assets	611,143	607,969
Current assets		
Trade receivables, net	3,681	3,539
Land Held for Sale	18,432	-
Amounts due from related parties	148	149
Prepaid expenses and other financial assets	1,533	1,774
Financial assets at fair value through profit or loss	2,637	8,959
Cash and cash equivalents	23,351	26,868
Total current assets	49,783	41,289
Total assets	660,926	649,258
Owner's equity and liabilities		
Owner's equity		
Capital	200,000	200,000
General reserve	7,662	7,662
Other reserves	39,621	39,454
Retained earnings	131,718	147,773
Total equity attributable to the shareholders of the parent company	379,002	394,889
Non-controlling interests	165,902	165,579
Owner's equity	544,904	560,469
Liabilities		
Non-current liabilities		
Long-term loans	55,112	44,672





Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Unaudited)
Employee benefit obligations	1,429	1,635
Lease obligations - non-current portion	250	191
Total non-current liabilities	56,791	46,498
Current liabilities		
Long-term loans - current portion	28,731	12,933
Lease liability - current part	112	116
Amounts due to related parties	8,661	7,227
Trade and other credit balances	20,541	21,464
Zakat due	1,186	550
Total current liabilities	59,231	42,291
Total liabilities	116,022	88,789
Total equity and liabilities	660,926	649,258

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Table 110: Financial position indicators as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Management information)	As of June 30, 2024G (Management information)
Return on assets***	6.6%	7.5%
Return on shareholders' equity***	8.1%	8.7%
Debt to equity ratio*	0.15	0.10
Current Ratio (times)	0.84	0.98
Days of outstanding sales receivables (day)**	27	38

Source: Management information

* Lease liabilities are included in debt (borrowings) to calculate the debt-to-equity ratio.

** Days of outstanding sales receivables are calculated using total trade receivables over total rental revenue multiplied by 365 days as of December 31, 2023G and 182.5 days as of June 30, 2024G.

*** Return on assets and return on equity as of June 30, 2024G are calculated using the sum of net income for the six-month periods ended June 30, 2023G and 2024G, representing net income for the trailing twelve months.

Assets

Non-current assets

Total non-current assets decreased from SAR 611.1 million as of December 31, 2023G to SAR 608.0 million as of June 30, 2024G due to a decrease in investment properties of SAR 4.3 million during the same period. This was offset by an increase in investments in joint ventures of SAR 1.3 million as a result of a share of profits.

Current assets

Total current assets decreased from SAR 49.8 million as of December 31, 2023G to SAR 41.3 million as of June 30, 2024G mainly due to a decrease in land held for sale of SAR 18.4 million due to the sale of Al-Qadisiyah lands. This was offset by an increase in financial assets at fair value through profit or



loss of SAR 6.3 million due to additional investments in Aramah Securities, Alfa and Riyad Bank funds and an increase in cash and cash equivalents of SAR 3.5 million during the same period.

Equity

Equity increased from SAR 544.9 million as at December 31, 2023G to SAR 560.5 million as at June 30, 2024G due to an increase in retained earnings of SAR 16.1 million in line with the profit recorded during the period.

Liabilities

Non-current liabilities

Non-current liabilities decreased from SAR 56.8 million as of December 31, 2023G to SAR 46.5 million as of June 30, 2024G as a result of repayment of some loans during the period.

Current liabilities

Current liabilities decreased from SAR 59.2 million as of December 31, 2023G to SAR 42.3 million as of June 30, 2024G as a result of a decrease in the current portion of long-term loans by SAR 15.8 million as a result of repayment of some loans during the same period.

5-8-2-1 Property and equipment

Table 111: Net book value of property and equipment as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	Electrical Devices and Air Conditioners	Vehicles	Computers	Furniture and Fixtures	Equipment and Tools	Total
Cost						
As of December 31, 2023G	1,298	392	822	5,368	193	8,072
Additions	-	-	1	-	4	5
Disposals	(807)	-	(626)	(2,580)	(170)	(4,182)
As of June 30, 2024G	491	392	197	2,788	27	3,894
Accumulated depreciation						
As of December 31, 2023G	1,204	215	671	3,888	189	6,167
Charged during the year	31	35	32	147	4	249
Disposals	(787)	-	(626)	(2,530)	(170)	(4,113)
As of June 30, 2024G	449	249	77	1,505	23	2,303
Net book value						
As of June 30, 2024G	42	142	120	1,283	4	1,591
As of December 31, 2023G	94	177	151	1,480	4	1,905

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Property and equipment decreased from SAR 1.9 million as at 31 December 2023G to SAR 1.6 million as at 30 June 2024G mainly due to depreciation charged for the period of SAR 249 thousand and





net disposals of SAR 70 thousand, offset by additions of SAR 5 thousand related to the purchase of a printer and mobile phones in Azizah.

Electrical appliances and air conditioners

Electrical appliances and air conditioners decreased from SAR 94 thousand as at 31 December 2023G to SAR 42 thousand as at 30 June 2024G due to depreciation charges of SAR 31 thousand during the period and net disposals of SAR 20 thousand.

Vehicles

Represent cars and trucks used by the Issuer's employees.

The balance of motor vehicles decreased from SAR 177 thousand as of December 31, 2023G to SAR 142 thousand as of June 30, 2024G due to depreciation charged during the same period.

Computers

The balance of computers decreased from SAR 151 thousand as of December 31, 2023G to SAR 120 thousand as of June 30, 2024G due to depreciation charged of SAR 32 thousand during the period.

Furniture and fixtures

Furniture and fixtures represent the furniture of the issuer's offices.

The balance of furniture and fixtures decreased from SAR 1.5 million as of December 31, 2023G to SAR 1.3 million as of June 30, 2024G due to depreciation charges for the period of SAR 147 thousand, coupled with net disposals of SAR 50 thousand.

Equipment and tools

The balance of equipment and tools settled at 4 thousand Saudi riyals as of December 31, 2023G and as of June 30, 2024G.

5-8-2-2 Investment properties

Table 112: Net book value of investment properties as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	Lands	Buildings	Capital Work in Progress	Total
Cost				
As of December 31, 2023G	340,269	281,490	38	621,796
Additions during the period	-	-	1,794	1,794
As of June 30, 2024G	340,269	281,490	1,831	623,590
Accumulated depreciation				
As of December 31, 2023G	-	53,950	-	53,950
Depreciation per period	-	3,540	-	3,540
As of June 30, 2024G	-	57,490	-	57,490
Impairment				
As of December 31, 2023G	-	1,373	-	1,373
Charged for the period	-	2,532	-	2,532



Thousand Saudi Riyals	Lands	Buildings	Capital Work in Progress	Total
As of June 30, 2024G	-	3,905	-	3,905
Net book value				
As of June 30, 2024G	340,269	220,095	1,831	562,195
As of December 31, 2023G	340,269	226,168	38	566,474

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

The value of investment properties decreased from SAR 566.5 million as of December 31, 2023G to SAR 562.2 million as of June 30, 2024G, mainly due to depreciation charges for the period amounting to SAR 3.5 million, in addition to a decrease in the fair value of certain units amounting to SAR 2.5 million. This was offset by additions of SAR 1.8 million under capital work in progress related to the improvements made to the facade of the Voyage Hotel.

It is worth noting that an amount of SAR 38 thousand has been reclassified from investments in joint ventures to investment properties for the fiscal year ended December 31, 2023G for the comparative financial information presented in the unaudited condensed consolidated interim financial statements for the six-month period ended June 30, 2024G.

Land

The value of land was stable at SAR 340.3 million as of December 31, 2023G and as of June 30, 2024G.

Buildings

The value of buildings decreased from SAR 226.2 million as of December 31, 2023G to SAR 220.1 million as of June 30, 2024G due to depreciation for the period of SAR 3.5 million.

Capital work in progress

Capital work in progress represents renovation works for investment properties and these properties are being renovated by the issuer's management.

The value of capital work in progress increased from SAR 38 thousand as of December 31, 2023G to SAR 1.8 million as of June 30, 2024G. This is mainly due to additions of SAR 1.8 million.

Table 113: Investment properties by company as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Management information)	As of June 30, 2024G (Management information)
Banan Real Estate Company	254,031	253,841
Al-Aziza Real Estate Investment and Development Company	312,406	308,354
Total	566,474	562,195
As a percentage of the total		% Point





Thousand Saudi Riyals	As of December 31, 2023G (Management information)	As of June 30, 2024G (Management information)
Banan Real Estate Company	44.8%	45.2%
Al-Aziza Real Estate Investment and Development Company	55.1%	54.8%

Source: Management information

Investment properties owned by Banan Real Estate Company represented 45.2% of the total value of investment properties of the issuer and its subsidiary, while investment properties owned by Al Azizah Investment and Real Estate Development Company represented 54.8% of the total value of investment properties of the issuer and its subsidiary as of June 30, 2024G.

Investment properties - Banan Real Estate Company

Table 114: Net book value of investment properties belonging to Banan Real Estate Company as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Management information)	As of June 30, 2024G (Management information)
Plaza 46	71,793	71,396
Oval Building	60,005	59,508
Voyage Hotel - Orouba	32,137	33,453
Anas Ibn Malik Building - Al Malqa	32,052	31,900
Hattin Building	29,179	28,929
Sulaymaniyah Hotel	15,748	15,609
Al Raed building	7,087	7,054
Al Wadi Building	6,029	5,992
Balance at the end of the year	254,031	253,841

Source: Management information

Banan Real Estate Company owns eight investment properties as of December 31, 2023G and June 30, 2024G, which include buildings and associated lands. The investment portfolio includes properties intended for commercial activities such as offices and exhibition halls, hospitality projects including hotels and clinics, in addition to residential properties, which mainly includes furnished apartments. The following is an overview of the investment properties of Banan Real Estate Company:

- * **Plaza 46:** is a commercial property acquired on December 5, 2021G, with a useful life of 45 years and located in Qurtubah area of Riyadh. The property contains a total of 21 units ready for leasing, with 17 units leased as of June 30, 2024G (occupancy rate of 81.0%). The net book value of the project decreased from SAR 71.8 million as of December 31, 2023G to SAR 71.4 million as of June 30, 2024G due to depreciation charges on the building recorded during the period.
- * **Oval Building:** is a commercial property acquired on December 12, 2007G, with a useful life of 50 years and located in the Olaya area of Riyadh. The building consists of 5 floors



fully leased to Client No. 1 (100% occupancy). The current lease with Client No. 1 expires in fiscal year 2028. The net book value of the building decreased from SAR 60.0 million as of December 31, 2023G to SAR 59.5 million as of June 30, 2024G due to depreciation charges during the period.

- * **Voyage Hotel - Al Orouba:** is a commercial property in the hospitality sector, acquired on April 15, 2015G, with a useful life of 50 years and located in Al Orouba area in Riyadh. The hotel consists of fully leased units (100% occupancy). The net book value of the hotel increased from SAR 32.1 million as of December 31, 2023G to SAR 33.5 million as of June 30, 2024G due to improvements made to the building facade.
- * **Anas Ibn Malik Building - Al Malqa:** It is a commercial healthcare building acquired on January 28, 2021G, located in Al Malqa area in Riyadh. The property consists of 3 floors and other commercial showrooms and offices fully leased under 5 different lease contracts (100% occupancy). This property is mortgaged against a loan from Riyadh Bank. The net book value of the property decreased from SAR 32.1 million as of December 31, 2023G to SAR 31.9 million as of June 30, 2024G due to depreciation charges during the period.
- * **Hitteen Building:** It is a residential property located in the Hitteen area of Riyadh, with a productive life of 50 years and consists of 49 residential units fully leased to Client No. 2 (100% occupancy) under a 5-year contract. This property is mortgaged against a loan from Riyadh Bank. The net book value of the property decreased from SAR 29.2 million as of December 31, 2023G to SAR 28.9 million as of June 30, 2024G due to depreciation charges during the period.
- * **Al Sulaymaniyah Hotel:** It is a residential property located in the Al Sulaymaniyah area in Riyadh, acquired on January 1, 2022G. The property is fully leased to the International Hotels Company (100% occupancy) for a period of 5 years. The net book value of the property decreased from SAR 15.7 million as of December 31, 2023G to SAR 15.6 million as of June 30, 2024G due to depreciation expenses during the period.
- * **Al Raed Building:** It is a residential property located in Riyadh and includes 21 residential units fully rented to several individuals with an average contract period of one year. The net book value of the property settled at SAR 7.1 million as of December 31, 2023G and as of June 30, 2024G due to relatively low depreciation expenses.
- * **Al Wadi Building:** It is a commercial property acquired on April 26, 2016G, with a useful life of 50 years and is located in Al Wadi area in Riyadh. The building consists of 5 floors fully leased to Client No. 33 (100% occupancy). The net book value of the building settled at SAR 6.0 million as of December 31, 2023G and June 30, 2024G due to relatively low depreciation expenses.





Investment properties - Al-Aziza Investment and Real Estate Development Company

Table 115: Net book value of investment properties belonging to Al-Aziza Investment and Real Estate Development Company as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Management information)	As of June 30, 2024G (Management information)
New Center Building	72,662	72,317
Al-Haqbani Commercial Center	64,106	64,561
Tahlia Mall	45,332	45,057
Other properties *	130,306	126,419
Balance at the end of the year	312,406	308,354

Source: Management information

*Other properties consist of 21 various properties, including commercial spaces, residential buildings, warehouses, and one unused land in the Al-Badi'ah neighborhood in Riyadh, with an area of 971 square meters, and an investment opportunity is being sought to exploit it, according to a statement from the Issuer's management.

Al-Aziza Investment and Real Estate Development Company owns twenty-four investment properties as of June 30, 2024G, including buildings and associated lands. The investment portfolio includes properties prepared for commercial activities, residential apartments, in addition to warehouses designated for storage and a plot of land.

The subsidiary's investment properties decreased from SAR 312.4 million as at December 31, 2023G to SAR 308.4 million as at June 30, 2024G, due to depreciation charges of SAR 1.8 million and impairment charges of SAR 2.2 million due to the decrease in the fair value of some of its units during the period.

5-8-2-3 Intangible assets

Table 116: Intangible assets as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Management information)	As of June 30, 2024G (Management information)
Cost		
Balance at the beginning of the year/ period	371	371
Additions during the year / period	-	-
Disposals during the year/ period	-	(275)
Balance at the end of the year/ period	371	96
Accumulated depreciation		
Balance at the beginning of the year	278	302
Amortization for the year	24	12
Disposals during the year/ period	-	(275)



Thousand Saudi Riyals	As of December 31, 2023G (Management information)	As of June 30, 2024G (Management information)
Balance at the end of the year	302	38
Net book value	69	58

Source: Management information

Intangible assets are primarily associated with ERP software.

The balance of intangible assets decreased from SAR 69 thousand as of December 31, 2023G to SAR 58 thousand as of June 30, 2024G as a result of amortization costs.

5-8-2-4 Investments in joint ventures

Table 117: Investments in joint ventures as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	Tahlia Mall	Badi'a building project	Total
Balance as of December 31, 2022G (adjusted)	20,062	9,665	29,727
A share in the profits of a joint venture	2,098	430	2,528
Balance as of December 31, 2023G (audited)	22,160	10,095	32,255
A share in the profits of a joint venture	1,224	78	1,301
Balance as of June 30, 2024G (unaudited)	23,384	10,173	33,557

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Block 14 Commercial Complex Project

On November 1, 2019G, the Issuer invested in a joint venture with an investor, which is a commercial center established in the northern Al-Ma'thar district in Riyadh.

The value of the commercial center project increased from SAR 22.2 million as of December 31, 2023G to SAR 23.4 million as of June 30, 2024G, as a result of a share in the project's profit of SAR 1.2 million during the same period.

Al-Badi'a Building Project

On January 21, 2018G, the Issuer invested in a joint venture with a shareholder, which is a residential property project established in the Al-Badia district in Riyadh.

The value of Al-Badia Building Project increased from SAR 10.1 million as of December 31, 2023G to SAR 10.2 million as of June 30, 2024G, as a result of a share in the project's profit of SAR 77.6 thousand during the same period.

5-8-2-5 Investments in an associate





Table 118: Investments in an associate as of December 31, 2023G and June 30, 2024G.

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (unaudited)
Balance at the beginning of the year/ period	9,237	10,079
The company's share of the net income for the year/ period	1,021	188
Dividends received during the year/ period	(178)	-
Balance at the end of the year	10,079	10,267

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

During the year 2021G, the Subsidiary acquired 15% of the share of Etihad Hitteen Real Estate Company («**Associate**»), a limited liability company, registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010708513 dated 17/09/1442H (corresponding to 29/04/2021G). The main activities of the associate company are the purchase and sale of land and real estate, their division and off-plan sales activities, management and leasing of owned or rented properties (residential and non-residential), management and leasing of self-storage warehouses, and the activities of brokers' agents (auctioneers' offices).

The value of investments in the associate company increased from SAR 10.1 million as of December 31, 2023G to SAR 10.3 million as of June 30, 2024G due to recording a share of profits amounting to SAR 188 thousand for the period.

5-8-2-6 Right-of-use assets

Table 119: Right-of-use assets as of December 31, 2023G and June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Management information)	As of June 30, 2024G (Management information)
Cost		
At the beginning of the year	-	467
Additions during the year	467	-
At the end of the year	467	467
Accumulated depreciation		
At the beginning of the year	-	107
Additions during the year	107	58
At the end of the year	107	165
Net book value	360	302

Source: Management information

The right-of-use assets relate to the lease contract for the main office of Banan Real Estate Company in the commercial complex - Block 14, concluded in the fiscal year 2023G and for a period of four years, and it is a joint venture property. The office area is 245 square meters, and the net book value of the lease contract was 360 thousand Saudi riyals as of December 31, 2023G, which decreased to 302 thousand Saudi riyals in June 30, 2024G.



5-8-2-7 Trade receivables, net

Table 120: Trade receivables as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Un-audited)
Trade receivables	4,532	6,985
Less: Provision for expected credit losses	(851)	(3,446)
Trade receivables, net	3,681	3,539

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Table 121: Analysis of the aging of trade receivables and the provision for expected credit losses as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	1-90 days	91-180 days	181-360 days	More than 360 days	Total
December 31, 2023G					
Total Book Value	1,975	908	820	830	4,532
Expected Credit Losses	0.1	1	19	830	851
Expected Credit Loss Ratio	0.0%	0.1%	2.0%	100.0%	19.0%
June 30, 2024G					
Total Book Value	2,204	1,471	1,304	2,005	6,985
Expected Credit Losses	462	479	804	1,700	3,446
Expected Credit Loss Ratio	21%	33%	62%	85%	49%

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Net trade receivables consist of receivables to rental customers, accrued rental income and provision for expected credit losses.

Net trade receivables decreased from SAR 3.7 million as at December 31, 2023G to SAR 3.5 million as at June 30, 2024G due to an increase in the provision for expected credit losses recorded for the period of SAR 2.6 million as a result of an increase in trade receivables that were more than 365 days old, particularly in relation to disputed invoices from Plaza 46 tenants. Accordingly, days of outstanding sales receivables increased from 27 days as at December 31, 2023G to 38 days as at June 30, 2024G.

Table 122: Movement in the provision for expected credit losses as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Unaudited)
Balance at the beginning of the year/period	708	851
Provision during the year/period	583	2,595
Debts written off during the year/period	(440)	-
Balance at the end of the year/period	851	3,446

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G





The expected credit loss allowance balance increased from SAR 851 thousand as of December 31, 2023G to SAR 3.4 million as of June 30, 2024G.

The credit loss allowance is recorded based on the reserve matrix model where the credit loss allowance ratio of 33% is applied to balances due for 91-180 days, 62% to 181-260 days, and 85% to balances due for more than 360 days.

5-8-2-8 Lands available for sale

Table 123: Land available for sale as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of 31 December 2023G (Management Information)	As of 30 June 2024G (Management Information)
Balance at the beginning of the year/period	-	18,432
Additions during the year/period	19,937	-
Disposals during the year/period	(1,505)	(18,432)
Balance at the end of the year/period	18,432	-

Source: Management Information

This item mainly consists of lands available for sale in the ordinary course of the group's business.

During the fiscal year 2023G, the Issuer acquired an area equivalent to 25% of Blocks No. (15-18-19-20) in Al-Qadisiyah district in Riyadh, and the transaction was financed through facilities granted to the Group by Riyadh Bank. The value of the lands available for sale amounted to SAR 18.4 million as of December 31, 2023G after additions of SAR 19.9 million and disposals during the year of SAR 1.5 million.

The value of the lands available for sale decreased to nothing as of June 30, 2024G as a result of disposals of SAR 18.4 million due to the sale of Al-Qadisiyah lands during the same period.

5-8-2-9 Related Parties' Balances

Table 124: Transactions and balances with related parties for the six-month period ended June 30, 2023G and 2024G

Thousand Saudi Riyals	Nature of Relationship	Nature of transactions	As of December 31, 2023G (Unaudited)	As of June 30, 2024G (Unaudited)
International Hotels Company	Entity owned by a shareholder in the Issuer	Rental revenue	2,750	3,450
		Collections on behalf	1,615	3,220
		Repayment of revenues collected on behalf	-	400
Commercial Center Project - Block 14	Joint venture	Payments on behalf	1,097	314
Al-haqbani commercial group Company	Entity owned by a shareholder in the Issuer	Rental revenue	1,127	1,389
		Purchases	53	-
Al-Haqbani Information Technology Company	Entity owned by a shareholder in the Issuer	Rental revenue	46	47



Thousand Saudi Riyals	Nature of Relationship	Nature of transactions	As of December 31, 2023G (Unaudited)	As of June 30, 2024G (Unaudited)
Al Badiah Building Project	Joint Venture	Collections on behalf	613	635
		Payments on behalf	60	56
		Repayment of revenues collected on behalf	246	228
		Management fees	-	15
Saleh bin Suleiman Al-Haqbani	Shareholder in Subsidiary	Payments	-	3,054
Arabian Fans Company	Entity owned by a shareholder in the Issuer	Rental revenue	832	1,141
FAD Company for Mechanical & electrical	Entity owned by a shareholder in the Issuer	Rental revenue	103	(-291)
Kemda house Company	Entity owned by a shareholder in the Issuer	Rental revenue	(38)	38
Suraat Al-Itqan Company	Entity owned by a shareholder in the Issuer	Rental revenue	(131)	145
Qimmah Almawad Company	Entity owned by a shareholder in the Issuer	Rental revenue	(40)	46
Cracker Contracting Company	Entity owned by a shareholder in the Issuer	Rental revenue	(106)	136
		Payments	-	53
Banan Arab Trading Company	Entity owned by a shareholder in the Issuer	Rental revenue	(30)	32
Sanad Holding Company	Entity owned by a shareholder in the Issuer	Rental revenue	56	61
Ahd Al-Enara Trading Company	Entity owned by a shareholder in the Issuer	Rental revenue	32	31

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Table 125: Amounts due from related parties as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Unaudited)
Etihad Hittin Real Estate Company. (Associate Company)	148	148
Noor Bint Suleiman Al-Haqbani	-	1
Total	148	149

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Etihad Hittin Real Estate Company.

The amounts due from related parties are mainly due Etihad Hittin Real Estate Company, which is an associate company of the Issuer, where the Issuer owns a 15.0% stake in Etihad Hittin Real Estate Company. The transactions relate to managerial services provided by the Issuer to Etihad Hittin Real Estate Company. The amounts due from Etihad Hittin Real Estate Company amounted to 148 thousand Saudi Riyals as of December 31, 2023G and as of June 30, 2024G.





Noor bint Suleiman Al-Haqbani

The balance of Noor bint Suleiman Al-Haqbani relates to expenses on behalf of the Issuer paid in the amount of 547 Saudi Riyals as of June 30, 2024G.

Table 126: Amounts due to related parties as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (unaudited)
Tahlia Mall Project	3,300	5,279
Saleh bin Suleiman Al-Haqbani	3,054	-
Al-Badiyah Building Project	1,606	1,948
Abdulrahman bin Suleiman Al-Haqbani	701	-
Total	8,661	7,227

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Mall Project - Block 14

Relates to an investment in a joint venture made on 1 November 2019G with an investor and related to a mall project in Riyadh. Transactions with the Issuer relate to collections and payments on behalf of the Issuer.

The balance due to the related party increased from SAR 3.3 million as at 31 December 2023G to SAR 5.3 million as at 30 June 2024G due to collections and payments made during the period.

Saleh bin Suleiman Al-Haqbani

Mr. Saleh Suleiman Al-Haqbani is a shareholder in the subsidiary, and the transactions with him relate to the purchase of additional shares in Al-Azizah Investment and Real Estate Development Company. The balance due to him decreased from SAR 3.1 million as of December 31, 2023G to nil as of June 30, 2024G due to the settlement of the balance during the period.

Al Badiyah Building Project

Relates to an investment in a joint venture with one of the shareholders on January 28, 2021G, which is a residential property in Riyadh.

The outstanding balance increased from SAR 1.6 million as of December 31, 2023G to SAR 1.9 million as of June 30, 2024G due to transactions with the Issuer including collections and payments on behalf of the Issuer.

Abdulrahman bin Suleiman Al-Haqbani

Mr. Abdulrahman Suleiman Al-Haqbani is a shareholder in the subsidiary company, and the transaction with him relates to the purchase of a villa in Jeddah on behalf of the Issuer during 2023G, which amounted to 701 thousand Saudi Riyals as of December 31, 2023G. Then it decreased to nothing as of June 30, 2024G due to the transfer of ownership of the villa during the period.



5-8-2-10 Prepayments and other financial assets

Table 127: Prepayments and other financial assets as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Management Information)	As of June 30, 2024G (Management Information)
Restricted Cash	-	888
Employee Accounts Receivable	525	493
Prepayments	249	318
Other	759	75
Total	1,533	1,774

Source: Management Information

Prepayments and other financial assets mainly relate to restricted cash, employees' accounts receivable, prepayments, and others.

Prepayments and other financial assets increased from SAR 1.5 million as at December 31, 2023G to SAR 1.8 million as at June 30, 2024G due to the recording of restricted cash during the period in relation to cash held with Al Rajhi Capital for the management of the Issuer's liquidity in accordance with the Market Maker agreement, slightly offset by a decrease in other financial assets of SAR 683 thousand due to the transfer of ownership of the villa from the Issuer's name to a related party (Abdul Rahman Suleiman Al-Haqbani).

Restricted Cash

Restricted cash amounted to SAR 888 thousand as at June 30, 2024G in relation to cash held with Al Rajhi Capital for the purpose of managing the Issuer's liquidity in accordance with the Market Maker agreement.

Employees' receivables

Employees' receivables mainly relate to employee loans, especially those of the Subsidiary, which are granted to employees based on management approval. It is worth noting that all employees are eligible for advances of up to twice their basic salaries, which are subsequently deducted from their salaries in 12 equal installments. It is worth noting that the Issuer has not previously written off any receivables due from employees.

Employees' receivables decreased from SAR 525 thousand as of December 31, 2023G to SAR 493 thousand as of June 30, 2024G.

Prepayments

Prepayments relate to prepaid rent, government fees and insurance expenses.

Prepayments increased from SAR 249 thousand as of December 31, 2023G to SAR 318 thousand as of June 30, 2024G.





Other

Other Prepayments decreased from SAR 759 thousand as of December 31, 2023G to SAR 75 thousand as of June 30, 2024G due to the transfer of ownership of the villa from the Issuer's name to a related party (Abdul Rahman Suleiman Al-Haqbani).

5-8-2-11 Financial assets at fair value through profit or loss

Table 128: Financial assets at fair value through profit or loss as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (unaudited)
Balance at the beginning of the year/period	-	2,637
Additions during the year/period	2,169	7,977
Disposals during the year/period	-	(1,553)
Change in fair value during the year/period	467	(102)
Balance at the end of the year/period	2,637	8,959

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Financial assets at fair value through profit or loss represent investments in traded securities and mutual funds through portfolio managers.

Financial assets at fair value through profit or loss increased from SAR 2.6 million as at December 31, 2023G to SAR 9.0 million as at June 30, 2024G due to additions of SAR 8.0 million in relation to investments in traded securities and mutual funds. This was offset by disposals of SAR 1.6 million mainly related to units in one of the mutual funds.

5-8-2-12 Cash and Cash Equivalents

Table 129: Cash and cash equivalents as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Management Information)	As of June 30, 2024G (Management Information)
Cash at Banks	8,767	6,510
Bank Deposits	14,584	20,357
Balance at End of Year/Period	23,351	26,868

Source: Management Information

Cash and cash equivalents relate to cash on hand and at banks, i.e. cash available on hand and used to cover day-to-day expenses, and cash at bank, which includes cash restricted in the Issuer's balances held with banks.

Cash and cash equivalents increased from SAR 23.4 million as at December 31, 2023G to SAR 26.9 million as at June 30, 2024G, mainly due to an increase in cash flows from operating activities of SAR 14.9 million resulting from the sale of Al Qadisiyah land purchased by the Issuer in fiscal year 2023G. This was offset by cash flows used in investing and financing activities.



Cash at banks

Cash at banks represents balances with local banks with high credit ratings. These balances are not subject to any bank interest. The carrying value of these assets is approximately equal to their fair value.

Cash at banks decreased from SAR 8.8 million as of December 31, 2023G to SAR 6.5 million as of June 30, 2024G.

Bank Deposits

Bank deposits increased from SAR 14.6 million as of December 31, 2023G to SAR 20.4 million as of June 30, 2024G, which are due to short-term speculation deposits of Al-Azizah Real Estate Investment and Development Company in Riyadh Bank.

5-8-2-13 Equity

Table 130: Owners' equity as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Unaudited)
Capital	200,000	200,000
Statutory Reserve	7,662	7,662
Other Reserves	39,621	39,454
Retained Earnings	131,718	147,773
Total Equity Attributable to Shareholders of the Parent	379,002	394,889
Non-Controlling Interests	165,902	165,579
Total Equity	544,904	560,469

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Equity increased from SAR 544.9 million as at December 31, 2023G to SAR 560.5 million as at June 30, 2024G due to:

Capital

The capital amounted to SAR 200 million as of December 31, 2023G and as of June 30, 2024G, where the Issuer's capital consists of 200 million ordinary shares with a nominal value of SAR 1 per share, compared to a nominal value of SAR 10 per share in the fiscal years 2022G and 2021G, where the Extraordinary General Assembly approved in its meeting held on 25/11/1444H (corresponding to 14/06/2023G) the division of the Issuer's shares from 20 million ordinary shares to 200 million ordinary shares with a nominal value of SAR 1 per share, and this did not result in a change in the value of the Issuer's capital.

Statutory Reserve

The statutory reserve amounted to SAR 7.7 million as of December 31, 2023G as of June 30, 2024G.

In accordance with the provisions of the old bylaws of the Issuer, the Issuer must set aside 10% of the annual net profit to form the statutory reserve. The Ordinary General Assembly may decide





to stop this provisioning when the statutory reserve reaches 30% of the paid-up capital, noting that this reserve is not available for distribution. In 2023G, the Issuer amended its bylaws and the statutory reserve paragraph was deleted from the new bylaws in line with the provisions of the new Companies Law. However, the Issuer has not taken a decision regarding the disposal of this reserve

Other reserves

Table 131: Other reserves as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Unaudited)
Consensual Reserve	40,000	40,000
Remeasurement of Employee Benefit Obligations	(379)	(434)
Treasury Shares*	-	(112)
Total	39,621	39,454

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

* During the period ending June 30, 2024G, the Issuer entered into a Market Maker agreement with Al Rajhi Capital to provide continuous buying and selling of the Issuer's shares in order to support liquidity in the trading of the share. The treasury stock reserve consists of the cost of shares held by the Market Maker as of June 30, 2024G, where the number of such shares amounted to 31,733 shares, while there were no shares held by the Market Maker as of December 31, 2023G. It is worth noting that all rights related to these shares are suspended until they are reissued.

The Extraordinary General Assembly decided on December 28, 2020G to approve the recommendation of the Issuer's Board of Directors in its meeting held on December 24, 2020G to form a consensual reserve financed from the balance due from shareholders in the amount of SAR 40 million, in accordance with the Issuer's Articles of Association, as the Ordinary General Assembly, based on the Board of Directors' proposal, may set aside 5% of the net profits to form a consensual reserve allocated for a specific purpose or purposes.

Other reserves amounted to SAR 39.5 million as of June 30, 2024G, relate to the form a consensual reserve in the amount of SAR 40.0 million, the remeasurement of employee benefit obligations in the amount of minus SAR 434.0 thousand, and treasury shares in the amount of minus SAR 112.0 thousand.

During the period ending June 30, 2024G, the Issuer entered into a Market Maker agreement with Al Rajhi Capital to provide continuous buying and selling of the Issuer's shares in order to support liquidity in the trading of the share. The treasury stock reserve consists of the cost of shares held by the Market Maker as of June 30, 2024G, where the number of such shares amounted to 31,733 shares, while there were no shares held by the Market Maker as of December 31, 2023G. It is worth noting that all rights related to these shares are suspended until they are reissued. These shares are classified as treasury shares based on the classification of the Auditor, but the Issuer does not actually purchase its shares and hold them for special purposes as is the case with conventional treasury shares.

Retained Earnings

Retained earnings consist of accumulated net income after deducting dividends and transfers to reserves.

Retained earnings increased from SAR 131.7 million as at 31 December 2023G to SAR 147.8 million as at 30 June 2024G and relates to the group's accumulated profits during the period.



Non-controlling interests

Non-controlling interests decreased from SAR 165.9 million as of December 31, 2023G to SAR 165.6 million as of June 30, 2024G, related to shares in Al-Azizah Company.

5-8-2-14 Loans

Table 132: Loan movement as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Unaudited)
Short-term loans		
period /At the beginning of the year	5,000	-
Loans received	10,000	-
Loans repaid	(15,000)	-
Period / At the end of the year	-	-
Long-term loans		
At the beginning of the year/period	78,022	83,843
Loans received	45,107	19,333
Loans repaid	(45,454)	(48,058)
Interest charged during the year/period	6,168	2,487
Long-term loans balance at the end of the year/period	83,843	57,605
Long-term loans - current portion	28,731	12,933
Long-term loans - non-current portion	55,112	44,672
Total	83,843	57,605

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

The Issuer has obtained Sharia compliant loan facilities from a number of local commercial banks. These facilities carry a commission based on the Saudi Interbank Offered Rate («**SIBOR**») plus an agreed interest rate. These loans are secured by promissory notes from the Issuer in addition to real estate mortgaged with certain local banks against the facilities granted to the Company.

Financial charges for the six-month period ended June 30, 2024G amounted to SAR 2.5 million and were recognized in the statement of profit or loss for the same period.

The loan balance decreased from SAR 83.8 million as of December 31, 2023G to SAR 57.6 million as of June 30, 2024G due to the repayment of amounts amounting to SAR 48.1 million during the period, offset by additional facilities from a loan amounting to SAR 19.3 million, as loans received during the six-month period ended June 30, 2024G decreased compared to loans received during the previous financial period.





Table 133: Table of outstanding loans as of June 30, 2024G

Thousand Saudi Riyals	Financing start date	Type of facilities	Original agreement	Purpose	Agreement renewed on December 27, 2023G	Credit balance as of June 30, 2024G*	Annual interest	Promissory note	Mortgage	Terms and conditions
Riyadh Bank	17/11/2021G	Short Term Credit Line	5,000	Part of a multi-purpose facility	7,500	-	SIBOR +1.5%		N/A	Multi-use financing repayable after one year from the date of grant.
Riyadh Bank	17/11/2021G	Short Term Credit Line	1,000	Partial of a multi-purpose facility	1,000	-	SIBOR +1.5%		N/A	Multi-use financing repayable after one year from the date of grant.
Riyadh Bank	17/11/2021G	Short Term Credit Line	60	Multi-purpose facility	60	-	SIBOR +1.5%		N/A	Issuance of 4 cards with an amount of 15 thousand Saudi riyals for each card.
Riyadh Bank	17/11/2021G	Long Term Credit Line	15,000	Completion of the construction of Block 14 project	13,572	5,000 0	SIBOR +1.75%		Mortgage Block 14	Financing is repaid over a period of 7 years from the date of grant.
Riyadh Bank	29/12/2020G	Long Term Credit Line	23,065	Purchase of Anas bin Malik building	16,475	12,475 4,000	SIBOR +1.75%	Promissory note for SAR 85,082,000	Mortgage of Anas bin Malik Building	The financing is repaid in annual instalments over a period of 7 years.
										Exemption from leasing commission for financing implementation.
Riyadh Bank	29/12/2020G	Long Term Credit Line	6,502	Construction of a residential unit building in Al-Badiah district	3,901	-	SIBOR +2.0%		Mortgage of Hatteen Building	Allowing the implementation of the limit on tranches with a tranche value of no less than one thousand Saudi riyals and paid in annual instalments for 5 years for each tranche from the date of implementation.



Thousand Saudi Riyals	Financing start date	Type of facilities	Original agreement	Purpose	Agreement renewed on December 27, 2023G	Credit balance as of June 30, 2024G*	Annual interest	Promissory note	Mortgage	Terms and conditions
Riyadh Bank	17/11/2021G	Long Term Credit Line	10,000	Financing a furnished apartment building in Al-Sulaymaniyah district	7,143	-	SIBOR +1.75%		Mortgage of Sulaymaniyah Building	Financing is repaid in the form of annual instalments for 7 years after the date of granting. Receiving the original letter of approval of the assignment from (International Hotels Company) if it leases the project.
Riyadh Bank	21/12/2022G	Long Term Credit Line	29,800	Refinancing the client's obligations against the mortgage of the Oval commercial building	29,800	16.833	SIBOR + 1.75%		Oval Building Mortgage	Financing is repaid in equal annual instalments over 6 years. Assignment of the rent of the property to be mortgaged, amounting to 8.1 million Saudi riyals.
Riyad Bank (Subsidiary Facilities)	23/11/2021G	Long-term credit line for the Subsidiary	45,000	Commercial financing	-	16,626	SIBOR + 2%	Promissory note for SAR 59,575,000	New Center Property Mortgage	Instalments over seven years - there is a mortgage on the New Center building.
	23/11/2021G	Short-term credit line for the Subsidiary	5,000	Multi-purpose facility	-	-	SIBOR + 1.5%			Payment is made one year after the grant date.

Source: Management Information

* The credit balance in the table above does not include the amount of interest due.

5-8-2-15 Rental Obligations

Table 134: Lease obligations as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of 31 December 2023G (Management Information)	As of 30 June 2024G (Management Information)
Balance at the beginning of the year/period	-	362
Additions during the year/period	467	-
Commission expenses during the year/period	30	13
Paid during the year/period	(135)	(67)
Balance at the end of the year/period	362	307

Source: Management Information





Lease obligations mainly relate to the lease of Banan Real Estate Company's head office which was obtained during 2023G. The balance of lease obligations amounted to SAR 362 thousand as at December 31, 2023G. It decreased to SAR 307 thousand as at June 30, 2024G, and relates to the lease of Banan Company's head office in Tahlia Complex - Block 14 for a period of 4 years, which is a joint venture property.

5-8-2-16 Employee benefit obligations

Table 135: Employee benefit obligations as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of 31 December 2023G (Management Information)	As of 30 June 2024G (Management Information)
Balance at the beginning of the year/period	1,403	1,429
Current service cost	260	132
Commission expense	57	33
Employee benefits expense recognized in profit or loss	317	166
Benefits paid	(86)	(12)
Actuarial loss/(gain) recognized in other comprehensive income	(204)	52
Balance at the end of the year/period	1,429	1,635

Source: Management Information

Employee benefit obligations represent the estimated amounts due to employees upon termination of service under local regulations and contractual arrangements.

Employee benefit obligations increased from SAR 1.4 million as at December 31, 2023G to SAR 1.6 million as at June 30, 2024G due to service cost recorded during the same period recognized in the statement of profit or loss.

5-8-2-17 Trade and other payables

Table 136: Trade and other payables as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Un-audited)
Contract Obligations	16,461	14,433
Dividends due to shareholders	-	3,238
Value Added Tax due	1,123	1,042
Accrued Remuneration	777	461
Trade Payables	710	868
Insurances collected from third parties	629	621
Others	841	802
Total	20,541	21,464

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G



Trade and other payables amounted to SAR 21.5 million as of June 30, 2024G and are mainly related to contract obligations (rental revenue received in advance) (SAR 14.4 million), dividends due to shareholders (SAR 3.2 million), VAT due (SAR 1.0 million), trade payables (SAR 868 thousand), and others.

Trade and other payables increased from SAR 20.5 million as at December 31, 2023G to SAR 21.5 million as at June 30, 2024G due to the Issuer's announcement of a dividend distribution in accordance with the Board of Directors' resolution dated March 28, 2024G to distribute a dividend of SAR 12 per share. The non-controlling interest's share of this dividend amounted to SAR 6.5 million, out of SAR 3.2 million that has not yet been paid. This was offset by a decrease in contract liabilities of SAR 2.0 million due to the accrual of these rental services.

Contract liabilities

Contract liabilities relate to rental income received in advance in accordance with the group's contractual terms under lessee agreements, which are typically based on semi-annual or annual payment terms.

Contract liabilities decreased from SAR 16.5 million as at December 31, 2023G to SAR 14.4 million as at June 30, 2024G, mainly related to the following:

- 1- Banan Properties (8.1 million Saudi Riyals) mainly from Oval Building (3.7 million Saudi Riyals), Hitteen Building (2.0 million Saudi Riyals), Plaza 46 (538 thousand Saudi Riyals), Orouba Building (398 thousand Saudi Riyals) and others (1.5 million Saudi Riyals);
- 2- Al-Aziza Properties (6.3 million Saudi Riyals), most of which are Al-Haqbani Center (2.3 million Saudi Riyals), the new center building (1.2 million Saudi Riyals), Tahlia Center (1.1 million Saudi Riyals), Musa bin Nasser Building (871 thousand Saudi Riyals), and others (814 thousand Saudi Riyals).

Dividends due to shareholders

Dividends due to shareholders amounted to SAR 3.2 million as of June 30, 2024G, after the Company announced the distribution of its dividends in accordance with the Board of Directors' decision dated March 28, 2024G to distribute dividends at SAR 12 per share. The share of non-controlling shareholders in these dividends amounted to SAR 6.5 million, out of SAR 3.2 million that has not yet been paid.

VAT Payable

VAT payable relates to amounts due to the Zakat, Tax and Customs Authority on rental income.

VAT payable decreased from SAR 1.1 million as at 31 December 2023G to SAR 1.0 million as at 30 June 2024G based on changes in the Issuer's purchases.

Accrued Remuneration

Accrued bonuses decreased from SAR 777 thousand as of December 31, 2023G to SAR 461 thousand as of June 30, 2024G due to the payment of some of these bonuses.





Trade payables

Trade payables increased from SAR 710 thousand as at December 31, 2023G to SAR 868 thousand as at June 30, 2024G, mainly related to Supplier No. 1 in connection with the development of Commercial Center (Block 14). The Issuer had SAR 514 thousand of past due trade payables to Tawuniya Insurance Company and Supplier No. 1 as at December 31, 2023G and June 30, 2024G.

Insurance collected from third parties

Insurance collected from third parties represents amounts collected by the Issuer from tenants as security deposits.

Insurance collected from third parties decreased from SAR 629 thousand as of December 31, 2023G to SAR 621 thousand as of June 30, 2024G.

Other

Other credit balances decreased from SAR 841 thousand as at December 31, 2023G to SAR 802 thousand as at June 30, 2024G, mainly related to accrued expenses, ticket and vacation allowance and others.

5-8-2-18 Zakat

Table 137: Zakat provision as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (Unaudited)
At the beginning of the year/period	1,149	1,186
Composed during the year/period	1,181	546
Paid during the year/period	(1,145)	(1,181)
Balance at the end of the year/period	1,186	550

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

The Zakat provision is calculated based on the Zakat base of the Issuer and the independent Zakat base of the subsidiary.

The Zakat provision decreased from SAR 1.2 million as at December 31, 2023G to SAR 550 thousand as at June 30, 2024G. This is mainly due to the accrual of the Zakat provision over a period of six months.

5-8-3 Financing structure

Table 138: Source financing structure for the years ending on December 31, 2021G, 2022G, 2023G and June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2021G	As of December 31, 2022G	As of December 31, 2023G	As of June 30, 2024G
Total liabilities	169,281	108,076	116,022	88,789
Total debt	138,686	83,022	83,843	57,606



Thousand Saudi Riyals	As of December 31, 2021G	As of December 31, 2022G	As of December 31, 2023G	As of June 30, 2024G
Cash and cash equivalents	14,116	3,454	23,351	26,868
Capital	200,000	200,000	200,000	200,000
Retained earnings	94,102	106,952	131,718	147,773
Total equity	489,581	511,280	544,904	560,469
Financing Structure (Total Debt + Equity)	628,267	594,302	628,747	618,075
Borrowing rate % (total debt/ financing structure)	22.1%	14.0%	13.3%	9.3%

Source: Management information

5-8-4 Cash Flow Statement

Table 139: Cash flow statement for the six-months period ending on June 30, 2023G and 2024G

Thousand Saudi Riyals	For the six-months period ending June 30, 2023G (unaudited)	For the six-months period ending June 30, 2023G (unaudited)
Cash flows from operating activities		
Net income for the period before Zakat	21,787	26,749
Adjustments to reconcile income before Zakat to net cash flows:		
Depreciation of investment properties	3,259	3,540
Depreciation of property, machinery and equipment	158	249
Amortization of intangible assets	5	12
Impairment/ (Return) of investment properties	(1,466)	2,532
Gain from disposal of investment properties	(297)	-
Loss on disposal of property, plant and equipment	-	70
Depreciation of right-of-use assets	95	58
Share in profit of a joint venture	(1,034)	(1,301)
Share in profit of an associate	(207)	(188)
Change in fair value of financial assets at fair value through profit or loss	-	102
Gains from the sale of financial assets at fair value through profit or loss	-	(4)
Allowance for expected credit losses	484	2,595
Provision for employee benefit obligations	310	132
Finance costs on employee benefit liabilities	36	33
Financing costs on loans	2,899	2,487
Finance costs on lease liability	26	13
Total	26,054	37,081
Changes in operating assets and liabilities:		
Trade receivables, net	(1,112)	(2,453)





Thousand Saudi Riyals	For the six-months period ending June 30, 2023G (unaudited)	For the six-months period ending June 30, 2024G (unaudited)
Land held for sale	-	18,432
Prepaid expenses and other financial assets	(144)	(241)
Trade and other Payables balances	4,265	(2,314)
Amounts due from related parties	(1,527)	(1)
Amounts due to related parties	(518)	(1,502)
Cash from operating activities	27,018	49,003
Zakat paid	(1,145)	(1,181)
Paid employee benefits obligations	(11)	(12)
Net cash from operating activities	25,862	47,809
Cash flows from investing activities		
Paid for the purchase of property, machinery and equipment	(702)	(5)
Paid for the purchase of investment properties	(1,772)	(1,794)
Proceeds from disposal of investment properties	2,800	-
Additions to financial assets at fair value through profit or loss	-	(7,977)
Proceeds from the sale of financial assets at fair value through profit or loss	-	1,557
Dividends received from investments in an associate	375	-
Net cash (used in)/from investing activities	701	(8,219)
Cash flows from financing activities		
Loans received	36,201	19,333
Repaid loans	(52,079)	(48,058)
Treasury stock purchased	-	(112)
Dividend paid to shareholders	(3,238)	(7,238)
Net cash used in financing activities	(19,115)	(36,074)
Net increase in cash and cash equivalents	7,448	3,516
Cash and cash equivalents at the beginning of the period	3,454	23,351
Cash and cash equivalents at the end of the period	10,903	26,868

Source: Condensed consolidated interim financial statements for the financial period ended June 30, 2024G

Net cash from operating activities

Net cash from operating activities increased from SAR 25.9 million in the six-month period ended June 30, 2023G to SAR 47.8 million in the six-month period ended June 30, 2024G. This increase is



mainly due to the sale of Al Qadisiyah land for SAR 18.4 million, which was purchased in fiscal year 2023G, in addition to the increase in the Issuer's profits during the same period.

Net cash (used in) / from investing activities

Net cash from investing activities amounted to SAR 701 thousand in the six-month period ended June 30, 2023G, due to the sale of Al Hada Villas for SAR 2.8 million, offset by the purchase of investment properties for SAR 1.8 million during the same period.

Net cash used in investing activities amounted to SAR 8.2 million in the six-month period ended June 30, 2024G, mainly related to additions of financial assets at fair value through profit or loss in respect of securities and investment in funds.

Net cash (used in) financing activities

Cash flow used in financing activities increased from SAR 19.1 million in the six-month period ended June 30, 2023G to SAR 36.1 million in the six-month period ended June 30, 2024G, mainly due to the repayment of loans amounting to SAR 48.1 million, in addition to a decrease in the value of loans received. This was coupled with an increase in dividends paid to shareholders by SAR 4.0 million.

5-8-5 Events after the end of the fiscal year 2023G

The Board of Directors of the Issuer approved the Issuer's transfer from the Parallel Market (Nomu) to the Main Market on 16/12/1444H corresponding to 4/07/2023G, noting that the transfer to the Main Market is subject to the approval of the Saudi Stock Exchange, Until the date of approval of the consolidated financial statements for the fiscal year 2023G, the approval of the Saudi Stock Exchange for the transfer has not been received. Other than that, the management believes that there are no material subsequent events for the fiscal year ending December 31, 2023G, which may have a material impact on the Issuer's consolidated statement of financial position as reflected in the consolidated financial statements for the year 2023G.

5-9 Management's discussion and analysis of the financial position of Al-Aziza Real Estate Investment and Development Company and the results of its operations

5-9-1 Statement of profit or loss and other comprehensive income

Table 140: Statement of profit and loss and other comprehensive income for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Revenues	28,742	34,834	38,377	21.1%	10.2%	15.6%
Cost of revenue	(6,832)	(7,359)	(7,505)	7.7%	2.0%	4.8%
Gross profit	21,909	27,475	30,872	25.4%	12.4%	18.7%
General and administrative expenses	(3,050)	(2,937)	(3,945)	(3.7%)	34.3%	13.7%
Operating income	18,859	24,538	26,926	30.1%	9.7%	19.5%





Thousand Saudi Riyals	Fiscal year 2021G (Audited)	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
The company's share in the net income of an associate	65	417	319	538.2%	(23.6%)	120.8%
Dividends from investments at fair value through profit or loss	984	109	-	(88.9%)	(100.0%)	(100.0%)
Gains from changes in the fair value of investments at fair value through profit or loss	1,630	-	-	(100.0%)	-	(100.0%)
Reversal/(losses) of Impairment in investment properties	(1,461)	1,066	2,412	(173.0%)	126.4%	NA
Gains on disposal of investments at fair value through profit or loss	7,744	304	-	(96.1%)	(100.0%)	(100.0%)
Other income	4	220	452	5858.3%	105.0%	1005.2%
Financing costs	(60)	(1,485)	(2,075)	2390.1%	39.8%	489.9%
Profit before Zakat	27,764	25,170	28,034	(9.3%)	11.4%	0.5%
Zakat	(753)	(1,263)	(697)	67.7%	(44.8%)	(3.8%)
The net income of the year	27,011	23,907	27,337	(11.5%)	14.3%	0.6%
Other comprehensive income that will not subsequently be reclassified to profit or loss						
Remeasurement of employee benefit obligations	106	83	127	(21.4%)	53.0%	9.7%
Total comprehensive income for the year	27,117	23,990	27,464	(11.5%)	14.5%	0.6%
As a percentage of revenue						% Point
General and administrative expenses	10.6%	8.4%	10.3%	(2.2)	1.8	(0.3)
Other income	0.0%	0.6%	1.3%	0.6	0.7	1.3
Financing costs	0.2%	4.3%	5.4%	4.1	1.7	5.8
Zakat	2.6%	3.6%	2.0%	1.0	(1.6)	(0.6)

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2022G and 2023G

Revenues

Al-Aziza Real Estate Investment and Development Company achieved revenues generated from leasing activity (about 88% of total revenues) and investment properties sales activity (about 12% of total revenues).

Revenues increased by 21.1% from 28.7 million Saudi riyals in fiscal year 2021G to 34.8 million Saudi riyals in fiscal year 2022G, primarily due to increased revenues generated from lease contracts (+6.6 million Saudi riyals) as a result of increased rental income from the New Center building (+4.7 million Saudi riyals), Al-Haqbani Commercial Center (+1.2 million Saudi riyals) and other properties, offset by a slight decrease in the sale of investment properties by 465 thousand Saudi riyals.



Revenues increased by 10.2% from 34.8 million Saudi riyals in fiscal year 2022G to 38.4 million Saudi riyals in fiscal year 2023G due to an increase in revenues resulting from lease contracts (+4.9 million Saudi riyals), as rental revenues from the Tahlia Mall increased (+1.6 million Saudi riyals) and Al-Haqbani Commercial Center (+1.5 million Saudi riyals), offset by a decrease in the sale of investment properties by 1.4 million Saudi riyals.

Table 141: Rental income for Al-Aziza Real Estate Investment and Development Company according to major properties for the fiscal years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	Fiscal year 2021G (Management information)	Fiscal year 2022G (Management information)	Fiscal year 2023G (Management information)	Percentage of change 2021G-2022G	Percentage of change 2022G-2023G	Compound annual growth rate 2021G-2023G
Al-Haqbani Commercial Center	8,099	9,278	10,823	14.6%	16.7%	15.6%
Tahlia Mall	5,865	5,641	7,237	(3.8%)	28.3%	11.1%
New Center Building	782	5,437	6,164	595.6%	13.4%	180.8%
Other properties *	9,366	10,313	11,352	10.1%	10.1%	10.1%
Total revenue	24,112	30,669	35,577	27.2%	16.0%	21.5%

Source: Management information

* Other properties consist of 20 diverse properties including commercial spaces, residential buildings and warehouses for rent.

It should be noted that the number mentioned regarding investment properties in the «**Financial Information Management Discussion and Analysis**» section may be different from the number of investment properties presented in other sections of the transfer file, as the financial analysis of investment properties was conducted based on the classification of properties according to their geographical location in one space and according to its operational use and not according to its legal registration (number of deeds).

Cost of revenue

Cost of revenues increased by 7.7% from 6.8 million Saudi riyals in fiscal year 2021G to 7.4 million Saudi riyals in fiscal year 2022G as a result of the increase in depreciation of investment properties (+1.0 million Saudi riyals) and maintenance and materials (+414 thousand Saudi riyals). This increase in costs was offset by a partial decrease in the cost of properties sold (-1.1 million Saudi riyals) in line with the decrease in the number of properties sold in the fiscal year 2022G.

Cost of revenues increased by 2.0% from SAR 7.4 million in fiscal year 2022G to SAR 7.5 million in fiscal year 2023G as a result of the increase in investment property depreciation (+SAR 332 thousand) and other costs (+ SAR 138 thousand). This increase was offset by a slight decrease in the cost of properties sold (-390 thousand Saudi riyals), in line with the decrease in the number of properties sold in the fiscal year 2023G.

Gross profit

Gross profit increased from 21.9 million Saudi riyals and gross profit margin from approximately 76% in the fiscal year 2021G to a total profit of 27.5 million Saudi riyals and a gross profit margin





of approximately 79% in fiscal year 2022G, due to the growth in revenues resulting from lease contracts.

Gross profit also increased from 27.5 million Saudi riyals and gross profit margin from approximately 79% in the fiscal year 2022G to a total profit of 30.9 million Saudi riyals and a gross profit margin of approximately 80% in fiscal year 2023G, in line with the growth in revenues resulting from lease contracts.

General and administrative expenses

General and administrative expenses decreased by 3.7% from 3.1 million Saudi riyals in fiscal year 2021G to 2.9 million Saudi riyals in fiscal year 2022G as a result of a decrease in government fees (-526 thousand Saudi riyals), other fees (-281 thousand Saudi riyals), and professional and consulting fees (-88 thousand Saudi riyals).

General and administrative expenses increased by 34.3% from 2.9 million Saudi riyals in fiscal year 2022G to 3.9 million Saudi riyals in fiscal year 2023G, mainly due to the increase in salaries and wages (+ 810 thousand Saudi riyals) in line with the increase in the average number of employees from 33. to 37 employees in the fiscal year 2023G, this was coupled with an increase in government fees (+327 thousand Saudi riyals) and an increase in ruminations for members of the Board of Directors and committees (+318 thousand Saudi riyals).

Share of Profit of Associates

The share of profit from an associate amounted to 65 thousand Saudi riyals, 417 thousand Saudi riyals, and 319 thousand Saudi riyals in the fiscal years 2021G, Fiscal Year 2022G, and Fiscal Year 2023G, respectively, and it relates to Al-Aziza Investment and Real Estate Development Company's share in Etihad Hittin Real Estate Company, which amounts to 15%.

Dividends from investments at fair value through profit or loss

Dividend income from financial assets at fair value through profit or loss decreased from 984 thousand Saudi riyals in fiscal year 2021G to 109 thousand Saudi riyals in fiscal year 2022G, then to zero in fiscal year 2023G. These distributions resulted from investments in publicly traded securities and investment funds.

Gains from changes in the fair value of investments at fair value through profit or loss

Changes in the fair value of financial assets at fair value through profit or loss amounted to 1.6 million Saudi riyals in fiscal year 2021G and zero in fiscal year 2022G and fiscal year 2023G, respectively.

Reversal/(losses) of investment properties Impairment

Impairment losses of investment properties amounted to 1.5 million Saudi riyals in fiscal year 2021G , while a reversal of losses amounting to 1.1 million Saudi riyals and 2.4 million Saudi riyals was recorded in the fiscal year 2022G and the fiscal year 2023G, respectively.



Gains on disposal of investments at fair value through profit or loss

Gains resulting from the disposal of financial assets at fair value through profit or loss (represented by investments in securities traded through portfolio managers) decreased from 7.7 million Saudi riyals in the fiscal year 2021G to 304 thousand Saudi riyals in the fiscal year 2022G and then to zero in the fiscal year 2023G.

Other income

Other revenues increased from 4 thousand Saudi riyals in fiscal year 2021G to 220 thousand Saudi riyals in fiscal year 2022G due to the increase in management and services revenues (+152 thousand Saudi riyals) and interest and bank deposits income (+ 68 thousand Saudi riyals).

Other revenues increased from 220 thousand Saudi riyals in fiscal year 2022G to 452 thousand Saudi riyals in fiscal year 2023G due to the increase in interest and bank deposits income (+ 208 thousand Saudi riyals) and others (+ 28 thousand Saudi riyals).

Financing costs

Financing costs increased from 60 thousand Saudi riyals in fiscal year 2021G to 1.5 million Saudi riyals in fiscal year 2022G due to an increase in financing fees on loans (+1.4 million Saudi riyals), then financing costs increased by 590 thousand Saudi riyals to 2.1 million Saudi riyals in the fiscal year 2023G (+575 thousand Saudi riyals) as a result of additional loans received during the period.

Zakat

Zakat increased from 753 thousand Saudi riyals in the Fiscal year 2021G to 1.3 million Saudi riyals in the Fiscal Year 2022G, then decreased to 697 thousand Saudi riyals in the Fiscal Year 2023G, in line with the Zakat base and net income during the period.

5-9-2 Statement of financial position

Table 142: Statement of financial position as of December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Assets			
Non-current assets			
Property and equipment	82	163	230
Investment properties	311,277	313,375	312,406
Investments in an associate	9,821	9,939	10,079
Intangible assets	-	90	68
Total non-current assets	321,180	323,567	322,783
Current assets			
Trade receivables, net	1,859	1,290	1,135
Prepaid expenses and other financial assets	863	1,061	1,344
Due from related parties	146	162	148





Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Adjusted)	As of December 31, 2023G (Audited)
Financial assets at fair value through profit or loss	6,322	-	-
Cash and cash equivalents	6,738	3,132	9,579
Total current assets	15,929	5,645	12,206
Total assets	337,109	329,212	334,989
Owner's equity and liabilities			
Owner's equity			
Capital	10,000	10,000	10,000
Statutory reserve	5,000	5,000	5,000
Retained earnings	265,009	277,000	292,464
Total owner's equity	280,009	292,000	307,464
Liabilities			
Non-current liabilities			
Long-term loans - non-current portion	36,905	24,643	8,885
Employee benefit obligations	880	964	959
Total non-current liabilities	37,785	25,608	9,844
Current liabilities			
Long-term loans - current Portion	8,095	4,929	7,742
Short term loans	5,000	-	-
Due to related parties	401	665	701
Trade and other credit balances	5,061	5,289	8,536
Zakat due	758	721	702
Total current liabilities	19,315	11,604	17,681
Total liabilities	57,100	37,212	27,525
Total equity and liabilities	337,109	329,212	334,989

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2023G

Assets

Non-current assets

Non-current assets amounted to 322.8 million Saudi riyals as of December 31, 2023G and mainly include investment properties (96.8% of total non-current assets) and investments in an associate (3.1%).

Non-current assets increased by 2.4 million Saudi riyals from 321.2 million Saudi riyals as of December 31, 2021G to 323.6 million Saudi riyals as of December 31, 2022G as a result of an increase in investment properties by 2.1 million Saudi riyals due to additions to capital works in progress (worth 6.0 million riyals). Saudi) and in buildings (1.3 million Saudi riyals).



Non-current assets decreased by 784 thousand Saudi riyals from 323.6 million Saudi riyals as of December 31, 2022G to 322.8 million Saudi riyals as of December 31, 2023G. This decrease is due to a decrease in investment properties worth 969 thousand Saudi riyals from 313.4 million Saudi riyals as of December 31, 2022G to 312.4 million Saudi riyals as of December 31, 2023G, as a result of depreciation fees amounting to (-3.7 million Saudi riyals) coupled with real estate disposals worth (-2.6 million Saudi riyals), offset by properties additions worth (+2.8 million Saudi riyals) and a reversal of the decrease in the fair value of properties worth (2.4 million Saudi riyals).

Current assets

Current assets amounted to 12.2 million Saudi riyals as of December 31, 2023G and mainly included cash and cash equivalents (78.5% of total current assets), prepaid expenses and other financial assets (11.0%), and trade receivables (9.3%).

Current assets decreased by 10.3 million Saudi riyals from 15.9 million Saudi riyals as of December 31, 2021G to 5.6 million Saudi riyals as of December 31, 2022G. This is mainly due to the decrease in financial assets at fair value through profit or loss (-6.3 million Saudi riyals) as a result of selling the entire value of the investment for a total amount of 21.1 million Saudi riyals, which resulted in a net profit of 304 thousand Saudi riyals, in addition to the decrease in cash and cash equivalents (-3.6 million Saudi riyals) as a result of a decrease in cash flow from financing activities of (-70.4 million Saudi riyals) from +38.0 million Saudi riyals to -32.4 million Saudi riyals, offset by an increase in cash flow from investing activities of (+ 64.9 million Saudi riyals) and an increase in cash flow from operating activities of (+6.2 million Saudi riyals).

Current assets increased by 6.6 million Saudi riyals from 5.6 million Saudi riyals as of December 31, 2022G to 12.2 million Saudi riyals as of December 31, 2023G as a result of an increase in cash and cash equivalents (+6.4 million Saudi riyals) due to a decrease in cash flow used in financing activities from - 32.4 million SAR to -24.9 million SAR (+7.5 million SAR) in addition to an increase in cash flow from operating activities (+5.1 million SAR), offset by a slight decrease in cash flow from investing activities (-2.5 million SAR).

Owner's equity

The Subsidiary's subscribed and paid-up capital amounted to 10,000,000 Saudi riyals, divided into 1,000,000 shares of equal value, the value of each share being 10 Saudi riyals. Shareholders have subscribed for all of the company's shares.

Total equity increased from 280.0 million Saudi riyals as of December 31, 2021G to 292.0 million Saudi riyals as of December 31, 2022G as a result of an increase in retained earnings (+12.0 million Saudi riyals) due to accumulated profits.

Total equity also increased from 292.0 million Saudi riyals as of December 31, 2022G to 307.5 million Saudi riyals as of December 31, 2023G as a result of the increase in retained earnings (+15.5 million Saudi riyals) due to accumulated profits.

Liabilities

Non-current liabilities

Non-current liabilities amounted to 9.8 million Saudi riyals as of December 31, 2023G and mainly included long-term loans (90.3% of total non-current liabilities) and employee benefit obligations (9.7%).





Non-current liabilities decreased by 12.2 million Saudi riyals from 37.8 million Saudi riyals as of December 31, 2021G to 25.6 million Saudi riyals as of December 31, 2022G, mainly due to a decrease in long-term loans (-12.3 million Saudi riyals) due to settlements during that period.

Non-current liabilities decreased by 15.8 million Saudi riyals from 25.6 million Saudi riyals as of December 31, 2022G to 9.8 million Saudi riyals as of December 31, 2023G as a result of a decrease in long-term loans (-15.8 million Saudi riyals) due to settlements during that period.

Current liabilities

Current liabilities amounted to 17.7 million Saudi riyals as of December 31, 2023G and mainly included the current portion of long-term loans (43.8% of total current liabilities) and trade payables and other credit balances (48.3%).

Current liabilities decreased by 7.7 million Saudi riyals from 19.3 million Saudi riyals as of December 31, 2021G to 11.6 million Saudi riyals as of December 31, 2022G as a result of the decrease in short-term loans (-5.0 million Saudi riyals) and the current portion of long-term loans (-3.2 Million Saudi Riyals) as a result of settlements during the period.

Current liabilities increased by 6.1 million Saudi riyals from 11.6 million Saudi riyals as of December 31, 2022G to 17.7 million Saudi riyals as of December 31, 2023G as a result of the increase in trade payables and other credit balances (+3.2 million Saudi riyals) due to the increase in lease liabilities (+2.5 million Saudi riyals) and VAT due (+397 thousand Saudi riyals) among others, offset by a decrease in security deposits by (-23 thousand Saudi riyals), in addition to an increase in the current portion of long-term loans (+2.8 million Saudi riyals) as a result of additional amounts received from loans during the period.

5-9-3 Statement of Cash Flows

Table 143: Statement of cash flows for the financial years ending on December 31, 2021G, 2022G, and 2023G

Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Audited)	As of December 31, 2023G (Adjusted)
Cash flows from operating activities			
Net income for the year before Zakat	27,764	25,170	28,034
Adjustments to reconcile income before Zakat to net cash flows:			
Depreciation of property and equipment	26	41	59
Depreciation of investment properties	2,394	3,421	3,681
Amortization of intangible assets	-	-	23
The company's share in the net income of an associate	(65)	(417)	(319)
Gains from changes in the fair value of investments carried at fair value through profit or loss	(1,630)	-	-
(Reverse)/impairment losses of investment properties	1,461	(1,066)	(2,412)



Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Audited)	As of December 31, 2023G (Adjusted)
Gains on disposal of investments carried at fair value through profit or loss	(7,744)	(304)	-
(Reverse)/allowance for expected credit losses	-	145	(18)
Provision for employee benefit obligations	86	144	163
Financing costs	31	1,485	2,075
Total	22,324	28,617	31,262
Changes in operating assets and liabilities:			
Trade receivables and other financial assets measured at amortized cost	(570)	227	591
Trade and other credit balances	(926)	228	3,247
Due from/to related parties	142	249	(652)
Cash from operating activities	20,970	29,322	34,448
Paid employee benefits obligations	(38)	-	(80)
Zakat paid	(510)	(1,300)	(717)
Paid financing costs	(31)	(1,461)	(2,036)
Net cash from operating activities	20,391	26,561	31,616
Cash flows from investing activities			
Paid for the acquisition of property and equipment	(3)	(122)	(126)
Paid for the acquisition of investment properties	(82,866)	(7,274)	(2,802)
Proceeds from disposal of investment properties	3,949	2,820	2,503
Proceeds from disposal of property and equipment	-	-	23
Paid for the acquisition of intangible assets	-	(90)	-
Dividends received from investments in an associate	-	300	178
Paid to purchase financial assets at fair value through profit or loss	-	(14,511)	-
Proceeds from the sale of financial assets at fair value through profit or loss	16,312	21,137	-
Net cash from/(used in) investing activities	(62,608)	2,261	(224)
Cash flows from financing activities			
Short-term loans repaid	-	(5,000)	-
Long-term loans repaid	-	(15,428)	(12,945)
Loans received	50,000	-	-
Dividend distributions to shareholders	(12,000)	(12,000)	(12,000)
Net cash (used in)/from financing activities	38,000	(32,428)	(24,945)
Net change in cash and cash equivalents	(4,217)	(3,606)	6,446





Thousand Saudi Riyals	As of December 31, 2021G (Adjusted)	As of December 31, 2022G (Audited)	As of December 31, 2023G (Adjusted)
Cash and cash equivalents at the beginning of the year	10,954	6,738	3,132
Cash and cash equivalents at the end of the year	6,738	3,132	9,579

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2022G and 2023G

Net cash from operating activities

Net cash flow from operating activities increased from 20.4 million Saudi riyals in fiscal year 2021G to 26.6 million Saudi riyals in fiscal year 2022G, mainly due to: First: The positive impact from the change in non-cash settlements (+6.4 million Saudi riyals) due to a decrease in the disposal loss of financial assets at fair value through profit or loss (+7.4 million Saudi riyals), and secondly: the positive impact from the change in net working capital (+2.1 million Saudi riyals) as a result of the decrease in trade receivables and the increase in trade payables. This was partially offset by a decrease in cash flow due to an increase in financing costs, which amounted to (1.4 million Saudi riyals) and an increase in Zakat paid, which amounted to (0.8 million Saudi riyals).

Cash flow from operating activities increased from 26.5 million Saudi riyals in fiscal year 2022G to 31.6 million Saudi riyals in fiscal year 2023G, due to an increase in earnings before interest, taxes, depreciation and amortization (+3.8 million Saudi riyals) and the positive impact from the change in net Working capital (+SAR 2.5 million) resulting from the increase in receivables and other credit balances.

Net cash from / (used in) investing activities

Net cash flow used in investing activities increased from -62.6 million Saudi riyals in fiscal year 2021G to +2.3 million Saudi riyals in fiscal year 2022G. The main reason is the decrease in purchases of properties and equipment by 75.6 million Saudi riyals, partially offset by the increase in purchases of financial assets at fair value through profit or loss of 14.5 million Saudi riyals.

Cash flow from/(used in) investing activities decreased from +2.3 million Saudi riyals in fiscal year 2022G to -224 thousand Saudi riyals in fiscal year 2023G, mainly due to a decrease in proceeds from the sale of financial assets at fair value through profit or loss by 21.1 million Saudi riyals, offset by a partial decrease in purchases of financial assets at fair value through profit or loss by 14.5 million Saudi riyals, in addition to a decrease in purchases of properties and equipment by 4.5 million Saudi riyals.

Net cash from / (used in) financing activities

Net cash flow from (used in) financing activities decreased from +38.0 million Saudi riyals in fiscal year 2021G to -32.4 million Saudi riyals in fiscal year 2022G, mainly due to: First: a decrease in loans received from +50.0 million Saudi riyals In the fiscal year 2021G to zero in the fiscal year



2022G, and secondly: repayment of long-term loans amounting to (-15.4 million Saudi riyals) and short-term loans amounting to (-5.0 million Saudi riyals) during the fiscal year 2022G.

Cash flow from (used in) financing activities decreased from -32.4 million Saudi riyals in the fiscal year 2022G to -25.0 million Saudi riyals in the fiscal year 2023G, due to a decrease in the settlement of long-term loans amounting to (-2.5 million Saudi riyals) and short loans. The term amounted to (-5.0 million Saudi riyals), as the balance of short-term loans was fully settled during the year 2022G.

5-10 Management's discussion and analysis of the financial position of Al-Azizah Real Estate Investment and Development Company and the results of its operations for the six-month period ending June 30, 2023G and 2024G

5-10-1 Statement of profit or loss and other comprehensive income

Table 144: Statement of profit and loss and other comprehensive income for the six-month period ended June 30, 2023G and 2024G

Thousand Saudi Riyals	Financial period ending June 30, 2023G (Unaudited)	Financial period ending June 30, 2024G (Unaudited)	Change % June 30, 2023G - June 30, 2024G
Revenue	20,224	18,914	(6.5%)
Cost of revenue	(4,567)	(2,750)	(39.8%)
Gross profit	15,657	16,164	3.2%
General and administrative expenses	(1,726)	(1,456)	(15.6%)
Profit from main operations	13,931	14,708	5.6%
The company's share in the net income of an associate	207	188	9.2%
Provision for expected credit losses	(39)	(639)	1538.5%
(Impairment)/reversal of impairment in investment properties	1,466	(2,221)	(251.5%)
Finance costs	(1,169)	(678)	(42.0%)
Other income	14	330	2257.1%
Profit before zakat	14,411	11,688	(18.9%)
Zakat	(349)	(293)	(16.0%)
Net income for the period	14,062	11,395	(19.0%)
Other comprehensive income: Items that will not be reclassified to profit or loss in subsequent periods.			
Remeasurement of employee benefit obligations	28	6	(78.6%)
Total comprehensive income for the period	14,090	11,401	(19.1%)
As a percentage of revenue			% Point
General and administrative expenses	8.5%	7.7%	(0.8)
Other income	0.1%	1.7%	1.6





Thousand Saudi Riyals	Financial period ending June 30, 2023G (Unaudited)	Financial period ending June 30, 2024G (Unaudited)	Change % June 30, 2023G - June 30, 2024G
Finance costs	5.8%	3.6%	(2.2)
Zakat	1.7%	1.5%	(0.2)

Source: Interim condensed financial statements for the six-month period ended June 30, 2024G

Revenue

Al-Azizah Real Estate Investment and Development Company achieved revenues from leasing activity and investment real estate sales activity.

Revenue decreased by 6.5% from SAR 20.2 million in the six-month period ended June 30, 2023G to SAR 18.9 million in the six-month period ended June 30, 2024G due to no sale of investment properties during the period (compared to SAR 2.8 million achieved in the six-month period ended June 30, 2023G), which was offset by an increase in rental income of SAR 1.5 million in line with the increase in the rental value of existing leases.

Table 145: Rental revenues of Al-Azizah Real Estate Investment and Development Company by major properties for the period ending June 30, 2023G and 2024G

Thousand Saudi Riyals	Financial period ending June 30, 2023G (Unaudited)	Financial period ending June 30, 2024G (Unaudited)	Change % June 30, 2023G - June 30, 2024G
Al-Haqbani Commercial Center	5,047	5,582	10.6%
Tahlia Mall	3,560	3,778	6.1%
New Center Building	3,004	3,134	4.3%
Other properties *	5,813	6,420	10.4%
Total revenue	17,424	18,914	8.6%

Source: Management Information

* Other properties consist of 20 diverse properties including commercial spaces, residential buildings and warehouses for rent.

It should be noted that the number mentioned regarding investment properties in the «**Financial Information Management Discussion and Analysis**» section may be different from the number of investment properties presented in other sections of the transfer file, as the financial analysis of investment properties was conducted based on the classification of properties according to their geographical location within a single space and according to their operational use, and not according to their legal registration (number of deeds).

Cost of revenue

Cost of revenue decreased by 39.8% from SAR 4.6 million in the six-month period ended June 30, 2023G to SAR 2.8 million in the six-month period ended June 30, 2024G as the Company did not incur any costs related to the sale of investment properties in the six-month period ended June 30, 2024G, while SAR 2.5 million was incurred in the six-month period ended June 30, 2023G.



Gross profit

Gross profit increased by 3.2% from SAR 15.7 million in the six-month period ended June 30, 2023G to SAR 16.2 million in the six-month period ended June 30, 2024G, in line with the change in the Company's sales mix as the gross profit from the rental segment is higher than the profit from the sale of investment properties, and therefore the gross margin increased from 77.4% in the six-month period ended June 30, 2023G to 85.5% in the six-month period ended June 30, 2024G.

General and administrative expenses

General and administrative expenses decreased by 15.6% from SAR 1.7 million in the six-month period ended June 30, 2023G to SAR 1.5 million in the six-month period ended June 30, 2024G, mainly due to a decrease in salaries and wages of SAR 140 thousand due to the reclassification of direct labour salaries and wages to cost of revenues, coupled with a decrease in government fees of SAR 31 thousand and stationery of SAR 29 thousand.

The Company's share in the net income of an affiliate

The Company's share in the net income of an associate company decreased by 9.2% from SAR 207 thousand in the six-month period ended June 30, 2023G to SAR 188 thousand in the six-month period ended June 30, 2024G and relates to Azizah Company's share (15.0%) in Hittin Real Estate Company.

Expected credit loss provision

Expected credit loss provision increased by 1,538.5% from SAR 39 thousand in the six-month period ended June 30, 2023G to SAR 639 thousand in the six-month period ended June 30, 2024G, in line with the increase in outstanding receivables that were more than 270 days past due.

Reversal / (Losses) of impairment in investment properties

Reversal of impairment losses in investment properties amounted to SAR 1.5 million in the six-month period ended June 30, 2023G. While losses of SAR 2.2 million were recorded in the six-month period ended June 30, 2024G, in line with the fluctuations in the fair value of investment properties.

Finance charges

Finance charges decreased by 42.0% from SAR 1.2 million in the six-month period ended June 30, 2023G to SAR 678 thousand in the six-month period ended June 30, 2024G as a result of the settlement of loans during the fiscal year 2023G. Consequently, the Company had higher outstanding loans in the six-month period ended June 30, 2023G compared to the six-month period ended June 30, 2024G.

Other revenues

Other revenues increased by 2,257.1% from SAR 14 thousand in the six-month period ended June 30, 2023G to SAR 330 thousand in the six-month period ended June 30, 2024G due to an increase in administration and services of SAR 2 thousand and interest and bank deposits revenue of SAR 328 thousand.





Zakat

The value of Zakat decreased by 16.0% from SAR 349 thousand in the six-month period ending June 30, 2023G to SAR 293 thousand in the six-month period ending June 30, 2024G.

5-10-2 Statement of Financial Position

Table 146: Statement of financial position as of December 31, 2023G and as of June 30, 2024G

Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (An-audited)
Assets		
Non-Current Assets		
Investment Properties	312,406	308,354
Property and Equipment	230	184
Intangible Assets	68	56
Investments in associate	10,079	10,267
Total non-current assets	322,783	318,862
Current Assets		
Trade Receivables	1,135	1,553
Cash and cash equivalents	148	149
Prepaid expenses and other financial assets	1,344	729
Cash and cash equivalents	9,579	18,853
Total current assets	12,206	21,284
Total assets	334,989	340,146
Equity and Liabilities		
Total Equity		
Capital	10,000	10,000
Statutory reserve	5,000	5,000
Retained earnings	292,464	291,865
Total Equity	307,464	306,865
Liabilities		
Non-current liabilities		
Long-term loans - non-current portion	8,885	13,199
Employee benefit obligations	959	1,058
Total non-current liabilities	9,844	14,257
Current liabilities		
Long-term loans - current Portion	7,742	4,085
Due to related parties	701	-
Trade and other credit balances	8,536	14,641
Zakat due	702	297
Total current liabilities	17,681	19,023



Thousand Saudi Riyals	As of December 31, 2023G (Audited)	As of June 30, 2024G (An-audited)
Total liabilities	27,525	33,280
Total equity and liabilities	334,989	340,146

Source: Condensed interim financial statements for the six-month period ended June 30, 2024G

Assets

Non-current assets

Non-current assets decreased from SAR 322.8 million as at 31 December 2023G to SAR 318.9 million as at 30 June 2024G. This was due to the decrease in the value of investment properties from SAR 312.4 million as at 31 December 2023G to SAR 308.4 million as at 30 June 2024G due to depreciation charges of SAR 1.8 million in addition to the decrease in the value of investment properties by SAR 2.2 million.

Current Assets

Current assets increased from SAR 12.2 million as at December 31, 2023G to SAR 21.3 million as at June 30, 2024G due to an increase in cash and cash equivalents from SAR 9.6 million as at December 31, 2023G to SAR 18.9 million as at June 30, 2024G, driven by cash flows from operating activities of SAR 15.3 million. This was offset by cash flows used in financing activities (-SAR 6.0 million) in connection with the Company's announcement of dividend distribution during the same period.

Equity

Capital: The subscribed and paid-up capital of the subsidiary amounted to 10,000,000 Saudi Riyals, divided into 1,000,000 shares of equal value, at 10 Saudi Riyals per share. The shareholders have subscribed to all the Company's shares.

Statutory Reserve

The statutory reserve amounted to SAR 5.0 million during the historical period in compliance with the Company's Articles of Association and the Companies Law in the Kingdom of Saudi Arabia, whereby the Company must transfer 10% of its net income annually to the statutory reserve until this reserve reaches 30% of its capital.

Retained Earnings

Retained earnings stabilized at approximately SAR 292.2 million during the period, in line with the Company's accumulated profits.

Liabilities

Non-current liabilities

Non-current liabilities amounted to SAR 14.3 million as at 30 June 2024G and mainly included long-term loans (92.6% of total non-current liabilities) and employee benefits obligations (7.4%).

Non-current liabilities increased from SAR 9.8 million as at 31 December 2023G to SAR 14.3 million as at 30 June 2024G due to an increase in long-term loans (+SAR 4.3 million) due to additional facilities during the same period.





Current Liabilities

Current liabilities amounted to SAR 19.0 million as at June 30, 2024G and mainly comprised trade and other payables (77.0% of total current liabilities) and the current portion of long-term loans (21.5% of total current liabilities).

Current liabilities increased from SAR 17.7 million as at December 31, 2023G to SAR 19.0 million as at June 30, 2024G due to an increase in trade and other payables (+SAR 6.1 million). This was offset by a decrease in the current portion of long-term loans (-SAR 3.7 million).

5-10-3 Statement of Cash Flows

Table: 147 Statement of cash flows for the six-month period ended June 30, 2023G and 2024G

Thousand Saudi Riyals	Period ending June 30, 2023G (Audited)	Period ending June 30, 2024G (Unaudited)
Cash flows from operating activities		
Net income for the period before Zakat	14,411	11,688
Adjustments to reconcile income before Zakat to net cash flows:		
Depreciation of investment properties	1,545	1,831
Depreciation of property and equipment	28	51
The company's share in the net income of an associate	(207)	(188)
Decrease/(reverse decrease) in the value of investment property	(1,466)	2,221
Amortization of intangible assets	5	11
Composed of expected credit loss allowance	39	639
Provision for employee benefit obligations	99	83
Financing costs	1,169	678
Changes in operating assets and liabilities:		
Trade receivables	(222)	(1,057)
Prepaid expenses and other financial assets	(62)	615
Trade and other credit balances	3,358	105
Due from related parties	(2,109)	(1.0)
Due to related parties	(665)	(701)
Cash flows from operating activities	15,922	15,977
Zakat paid	(717)	(697)
Net cash flow from operating activities	15,205	15,279
Cash flows from investing activities		
Paid for the acquisition of property and equipment	(7)	(5)
Paid for the acquisition of investment properties	(1,772)	-
Proceeds from disposal of investment properties	2,503	-
Dividends received from investments in an associate	375	-



Thousand Saudi Riyals	Period ending June 30, 2023G (Audited)	Period ending June 30, 2024G (Unaudited)
Net cash from/(used in) investing activities	1,098	(5)
Cash flows from financing activities		
Paid loans	(3,645)	-
Dividends paid to shareholders	(6,000)	(6,000)
Net cash used in financing activities	(9,645)	(6,000)
Net increase in cash and cash equivalents	6,659	9,275
Cash and cash equivalents at the beginning of the year	3,132	9,579
Cash and cash equivalents at the end of the year	9,791	18,853

Source: Condensed interim financial statements for the six-month period ended June 30, 2024G

Net cash flows from operating activities

Net cash flows from operating activities stabilized at an average of SAR 15.2 million in the six-month period ended June 30, 2023G and in the six-month period ended June 30, 2024G.

Net cash flows from / (used in) investing activities

Cash flows from investing activities decreased from SAR 1.1 million for the six-month period ended June 30, 2023G to a net cash flow used in investing activities of SAR 5 thousand for the six-month period ended June 30, 2024G as Al-Aziza Company did not carry out many investing activities during the first half of 2024G compared to the first half of 2023G.

Net cash used in financing activities

Net cash used in financing activities decreased from SAR 9.6 million for the six-month period ended June 30, 2023G to SAR 6 million for the six-month period ended June 30, 2024G as a result of no loan repayments recorded during the period.



Auditor's Report

06



6- Auditor's Report

- 6-1 The audited consolidated financial statements for the fiscal year ending on 31/12/2022G**

**BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Banan Real Estate Company, a Saudi Joint Stock Company (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022 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 2022, 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 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 ("ISAs") 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 professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Below is a description of each of the key audit matters and how they are addressed:

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment and valuation of investment properties The group owns a portfolio of investment properties consisting of lands and buildings located in the Kingdom of Saudi Arabia Investment properties, being held for capital appreciation and/or rental yields, are stated at cost less accumulated depreciation and any impairment losses. For assessing the impairment of investment properties, the Group's management monitors fluctuations in the fair value of the properties by appointing a certified property valuer to conduct a formal valuation of the investment properties of the Group. As at 31 December 2022, the carrying value of the investment properties amounted to SR 567.80 million (2021: SR 583.03 million) after deducting accumulated depreciation of SR 46.93 million (2021: SR 43 million) and accumulated impairment of SR 7.34 million (2021: SR 4.75 million), and the fair value of these properties amounted to SR 661 million (2021: SR 667 million). We considered this as a key audit matter since assessing the impairment of investment properties requires the use of significant judgments and estimates by the Group's management and the external valuers. The use of any wrong entries or unreasonable bases in these judgments and estimates may result in a material misstatement of the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income. The Group's accounting policy for investment properties is disclosed in Note 4.5, significant accounting estimates and assumptions related to investment properties are disclosed in Note 5.2.4, and disclosures related to investment properties are disclosed in Note 7 to the accompanying consolidated financial statements.	The audit procedures we performed included, among others, the following: • We obtained information regarding the professional qualifications, competence and experience of the independent valuers of the Group, and we made sure that they are accredited by the Saudi Authority for Accredited Valuers (Taqeem). • We engaged our property valuation specialist and conducted a review of the investment properties valuation process, which included the following: - Reviewing the assumptions used and the methodologies used by the independent valuers in the evaluation process, - A detailed valuation of a sample of valued individual properties by verifying key valuation inputs and applicable assumptions. • We agreed the value of all properties held at the end of the year with the valuation results contained in the valuation report issued by the external valuers. • We ensured that the impairment loss recognized in the consolidated statement of profit or loss and other comprehensive income during the year is correct; and • We ensured that the consolidated financial statements include sufficient disclosures regarding investment properties.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on these consolidated financial statements on 18 Sha'ban 1443H (corresponding to 21 March 2022).

The comparative figures in the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, are presented for the unconsolidated financial statements of the Parent Company only as the subsidiary has been controlled by the end of 2021.

Other information included in the Group's 2022 Annual Report

The management is responsible for the other information. The other information comprises the information included in the Group's 2022 annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Group's 2022 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Group's 2022 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA, and the provisions of Companies' Law 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.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

As part of an audit in accordance with ISAs 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



الوحيد واليهي
محاسبون قانونيون
ALLUHAIID & ALYAHYA
CHARTERED ACCOUNTANTS

Alluhaid & Alyahya Chartered Accountants
License No. (735) CR:1010460314
Paid up capital SR 500,000
A Limited Liability Company
Kingdom of Saudi Arabia Riyadh King Fahd Road,
Mohammadiyah District, Garm Tower 12th Floor

**INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)**

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

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

for Alluhaid & Alyahya Chartered Accountants

Turki A. Alluhaid
Certified Public Accountant
License No. 438

Riyadh: 28 Sha'aban 1444 H
(20 March 2023)



BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 SR	31 December 2021 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	1,333,269	1,192,960
Investment properties	7	567,804,626	583,033,107
Intangible assets	8	93,468	12,880
Investments in joint ventures	9	29,765,012	23,912,919
Financial assets at fair value through other comprehensive income	10	-	714,290
Investments in an associate	12	9,236,783	9,755,803
TOTAL NON-CURRENT ASSETS		608,233,158	618,621,959
CURRENT ASSETS			
Trade receivables, net	13	3,292,669	2,308,231
Prepayments and other financial assets	14	1,185,332	1,468,119
Financial assets at fair value through profit or loss	11	-	22,871,058
Cash and cash equivalents	15	3,454,414	14,115,848
Amounts due from related parties	16	743,283	146,248
TOTAL CURRENT ASSETS		8,675,698	40,909,504
TOTAL ASSETS		616,908,856	659,531,463
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	200,000,000	200,000,000
Statutory reserve	18	7,662,474	5,011,208
Other reserves	19	39,485,755	39,413,762
Retained earnings		105,557,626	94,410,520
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		352,705,855	338,835,490
Non-controlling interests		155,545,252	151,414,533
TOTAL EQUITY		508,251,107	490,250,023
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term loans	20	64,985,618	104,600,460
Employee benefit obligations	21	1,402,971	1,246,811
TOTAL NON-CURRENT LIABILITIES		66,388,589	105,847,271
CURRENT LIABILITIES			
Long term loans – current portion	20	13,036,754	18,072,357
Short-term borrowings	20	5,000,000	16,013,438
Amounts due to related parties	16	7,528,494	11,553,608
Trade and other accounts payable	22	15,554,851	16,282,880
Zakat payable	23	1,149,061	1,511,886
TOTAL CURRENT LIABILITIES		42,269,160	63,434,169
TOTAL LIABILITIES		108,657,749	169,281,440
TOTAL EQUITY AND LIABILITIES		616,908,856	659,531,463

Chairman
Abdulmohsen Abdulaziz Al-Hagbani

Chief Executive Officer
Majed Abdullah Al-Nasser

Chief Finance Officer
Muhammad Mahmoud Abu Khashaba

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 SR	2021 SR (Note 2)
Revenue	24	59,446,942	18,901,610
Cost of revenue	25	(11,324,591)	(2,594,165)
GROSS PROFIT		48,122,351	16,307,445
General and administrative expenses	26	(6,301,409)	(3,858,329)
PROFIT FROM MAIN OPERATIONS		41,820,942	12,449,116
Share of profit from a joint venture	9	505,132	204,642
Share of profit of an associate	12	(219,020)	11,557,044
Dividends income from financial assets at fair value through other comprehensive income		-	615,474
Dividends income from financial assets at fair value through profit or loss		381,330	23,632
Gains on sale of financial assets at fair value through profit or loss	11	3,787,767	254,597
Changes in fair value of financial assets at FVTPL	10	-	273,964
Impairment losses of investment properties	7	(2,658,416)	(66,613)
Other income, net	27	101,179	261,534
Finance costs	28	(4,736,087)	(490,613)
INCOME BEFORE ZAKAT		38,982,827	25,082,777
Zakat	23	(1,909,388)	(754,322)
NET INCOME FOR THE YEAR		37,073,439	24,328,455
NET INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Parent Company		26,512,662	24,328,455
Non-controlling interests		10,560,777	-
		37,073,439	24,328,455
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Impairment losses of financial assets at fair value through other comprehensive income	10	(714,290)	(714,290)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Changes in fair value of financial assets at fair value through comprehensive income	10	-	175,222
Remeasurement of employee benefit obligations	21	116,939	(141,745)
Company's share of remeasurement of employee benefit liabilities of an associate	21	-	45,027
TOTAL COMPREHENSIVE INCOME FOR YEAR		36,476,088	23,692,669
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Parent Company		25,870,365	23,692,669
Non-controlling interests		10,605,723	-
		36,476,088	23,692,669
EARNING PER SHARE (EPS)			
Basic and diluted earnings per share attributable to the ordinary shareholders of the parent company	29	1.33	1.22

Chairman
Abdulmohsen Abdulaziz Al Haqbani

Chief Executive Officer
Majed Abdullah Al-Nasser

Chief Finance Officer
Muhammad Mahmoud Abu Khashaba

The attached notes 1 to 31 form an integral part of these consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total shareholders' equity SR	Non- controlling interests SR	Total SR
Balance as at 1 January 2021	200,000,000	2,649,792	55,820,550	60,588,273	319,058,615	-	319,058,615
Comprehensive income:							
Net income for the year	-	-	-	24,328,455	24,328,455	-	24,328,455
Other comprehensive income for the year	-	-	78,504	(714,290)	(635,786)	-	(635,786)
Total comprehensive income for the year	-	-	78,504	23,614,165	23,692,669	-	23,692,669
Gains on disposal of investments in financial assets at fair value through other comprehensive income	-	-	(16,485,292)	16,485,292	-	-	-
Gains on acquisition of an investment	-	-	-	1,084,206	1,084,206	-	1,084,206
Transferred to statutory reserve	-	2,361,416	-	(2,361,416)	-	-	-
Non-controlling interests	-	-	-	-	-	151,414,533	151,414,533
Dividends (note 32)	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance as at 31 December 2021 (note 2)	200,000,000	5,011,208	39,413,762	94,410,520	338,835,490	151,414,533	490,250,023
COMPREHENSIVE INCOME:							
Net income for the year	-	-	-	26,512,662	26,512,662	10,569,777	37,073,439
Other comprehensive income for the year	-	-	71,993	(714,290)	(642,297)	44,946	(597,351)
Total comprehensive income for the year	-	-	71,993	25,798,372	25,870,365	10,605,723	36,476,088
Transferred to statutory reserve	-	2,651,266	-	(2,651,266)	-	-	-
Dividends (note 32)	-	-	-	(12,000,000)	(12,000,000)	(6,475,004)	(18,475,004)
Balance as at 31 December 2022	200,000,000	7,662,474	39,485,755	105,557,626	352,705,855	155,545,252	508,251,107

Chairman
Abdulmohsen Abdulaziz Al-Haqbani



Chief Executive Officer
Majed Abdullah Al-Nasser



Chief Finance Officer
Muhammad Mahmoud Abu-Khashaba



The attached notes 1 to 35 form an integral part of these consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 SR	2021 SR (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before zakat		38,982,827	25,082,777
Adjustments to reconcile income before zakat to net cash flows:			
Depreciation of property, plant and equipment	6	296,269	170,953
Depreciation of investment properties	7	6,798,268	2,430,722
Gains on disposal of investment properties		658,002	
Impairment losses of investment properties	7	2,658,416	66,613
Amortisation of intangible assets	8	12,402	23,032
Share in loss/(profit) of an associate	12	219,020	(11,557,044)
Share of profit from a joint venture	9	(505,132)	(204,640)
Gains on sale of financial assets at fair value through profit or loss	11	(3,787,767)	(254,597)
Revaluation losses/ (gains) on financial assets at fair value through profit or loss	11	-	(273,964)
Dividends income from financial assets at fair value through other comprehensive income	10	-	(639,108)
Provision for expected credit losses		227,791	
Provision for employee benefit obligations	21	280,974	86,936
Finance costs		4,696,864	490,613
		50,537,934	15,422,293
Changes in operating assets and liabilities:			
Accounts receivable		(1,212,226)	(373,386)
Financial assets measured at amortised cost and others		282,787	(424,447)
Trade and other accounts payable		(728,029)	3,172,651
Amounts due from/to related parties		(4,622,149)	355,835
Cash from operating activities		44,258,317	18,152,946
Employee benefit obligations paid	21	(7,875)	(190,147)
Zakat paid	23	(2,272,213)	(301,878)
Finance costs paid	28	(4,696,864)	(114,208)
Net cash from operating activities		37,281,365	17,546,713
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(436,578)	(601,010)
Purchase of investment properties		(7,778,681)	(122,232,147)
Proceeds from disposal of investment properties		12,892,474	-
Purchase of intangible assets		(92,990)	-
Payments for joint ventures		(5,346,961)	(4,491,014)
Purchase of financial assets at fair value through other comprehensive income		-	(21,599,509)
Purchase of financial assets at fair value through profit or loss		(34,022,924)	-
Proceeds from sale of financial assets at fair value through profit or loss		60,681,748	5,578,828
Proceeds from sale of financial assets at fair value through other comprehensive income		-	30,306,350
Dividends received from investments in an associate		300,000	5,100,000
Dividends received from financial assets at fair value through other comprehensive income		-	639,108
Net cash from / (used in) investing activities		26,196,088	(107,299,394)

Chairman
Abdalmohsen Abdulaziz Al Haqani

Chief Executive Officer
Majed Abdullah Al-Nasser

Chief Finance Officer
Muhammad Mahmoud Abu Khashaba

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS- continued
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 SR	2021 SR (Note 2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	19	66,478,826	93,818,138
Repayment of loans	19	(122,142,710)	(5,500,000)
Dividends to shareholders		(18,475,004)	(5,000,000)
Net cash (used in) / from financing activities		(74,138,888)	83,318,138
Net decrease in cash and cash equivalents		(10,661,435)	(6,434,543)
Cash from acquisition at the beginning of the year			6,737,887
Cash and cash equivalents at the beginning of the year		14,115,849	13,812,506
Cash and cash equivalents at the end of the year		3,454,414	14,115,850

SIGNIFICANT NON-CASH TRANSACTIONS

Change in fair value reserve of financial assets at FVOCI	-	175,222
Reversal of fair value reserve of financial assets at FVOCI in retained	-	16,485,292
Acquisition of additional share in the associate "currently subsidiary" against due to related parties	-	8,854,000

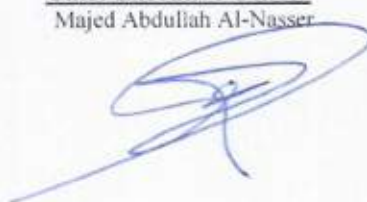
Chairman

Abdalmohsen Abdulaziz Al-Haqbani



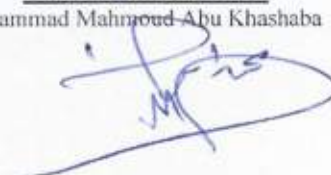
Chief Executive Officer

Majed Abdullah Al-Nasser



Chief Finance Officer

Muhammad Mahmoud Abu Khashaba



The attached notes 1 to 35 form an integral part of these consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2022

1 GENERAL INFORMATION

Banan Real Estate Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010207597 dated 24 Safar 1426H (corresponding to 4 April 2005).

The Company is engaged in leasing of owned or leased properties (residential and non-residential), managing and operating hotel apartments, managing real estate for a commission and providing real estate registration services.

The registered address of the Company is the intersection of Takhasusi Road with Prince Sultan ibn Abdul-Aziz Street, Olaya District, Riyadh, P.O. Box: 42, Riyadh 11411, Kingdom of Saudi Arabia.

The accompanying consolidated financial statements incorporate the financial statements of Banan Real Estate Company (the "Company" or the "Parent") and its subsidiary (Al-Aziza Real Estate Development and Investment Company), collectively referred to as the ("Group").

On 23 December 2021, The Company has increased its ownership interest in Al-Aziza Real Estate Development and Investment Company from 42.5% to 46.042%. This resulted in some changes in the board of directors of the investee, and then the control over Al-Aziza Real Estate Development and Investment Company has been achieved by the Company. Therefore, the Company has a presence giving it power to direct relevant activities of the investee.

The following is the subsidiary of the Company:

<u>Name of the Company</u>	<u>Percentage of ownership</u>	
	<u>31 December 2022</u>	<u>31 December 2021</u>
Al-Aziza Real Estate Development and Investment Company	46.042%	46.042%

Al-Aziza Real Estate Development and Investment Company (the "Subsidiary") is a Saudi closed joint stock company operating under commercial registration numbered 1010288389 dated 3 Jumada Al-Thani 1431H (corresponding to 15 May 2021).

The Subsidiary is engaged in general constructions of residential buildings, and general constructions of non-residential buildings such as schools, hospitals and hotels. The Subsidiary operates through the following branch:

<u>Branch Name</u>	<u>C.R Number</u>	<u>Place of issue</u>
Branch of Al-Aziza Real Estate Development and Investment Company	1010630719	Riyadh

The impact of this acquisition has been presented in the consolidated financial statements for the financial year ended 31 December 2021.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

2 BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiary mentioned above (collectively referred to as the "Group") have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA"), collectively hereafter referred to as "IFRS".

The consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting except for financial assets at fair value through profit or loss ("FVTPL") and comprehensive income and investment in commodities which are measured at fair value, and the employee benefit obligations which are recognised at the present value of the future obligation using the projected unit credit method. The consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional currency. All financial information has been rounded off to the nearest currency unit, unless otherwise indicated.

The comparative figures in the statements of profit or loss and other comprehensive income, changes in equity and cash flows are presented for the unconsolidated financial statements of the Parent Company only as the subsidiary has been controlled by the end of 2021.

The consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional currency. All financial information has been rounded off to the nearest currency unit, unless otherwise indicated.

3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its Subsidiary as at 31 December 2022. 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:

- 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

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

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

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

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

3 BASIS OF CONSOLIDATION- continued

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of a subsidiary 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.

Non-controlling interests represent the results and equity of subsidiary that are not held by the Group and are presented separately in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to the shareholders of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements. These policies have been consistently applied to the year presented, unless otherwise stated.

4.1 Business combinations

Business combinations, excluding business combination involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.1 Business combinations - continued

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 reassesses 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 re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Subsequently, 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.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For business combinations involving entities under common control the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of income and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

4.2 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:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- It is held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in a normal operating cycle,
- It is held primarily for trading;
- The liability is due to be settled within twelve months after the reporting date, or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting period.

All other liabilities are classified as non-current.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4.3 Fair value measurement

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

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would utilise 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 minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. This is 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.

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.

4.4 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Finance costs on borrowings to finance the construction of qualified assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.4 Property and equipment- continued

Depreciation is calculated on a straight line method over the estimated useful lives of the asset, as follows:

<i>Category</i>	<i>Years</i>
- Buildings	40
- Electrical appliances and air conditioners	10 years
- Vehicles	4 years
- Computers	4 years
- Furniture and fixtures	4-10 years
- Tools	7 – 8 years

Any item of property and equipment and any significant part that was originally recognized is derecognized upon disposal (i.e., on the date the recipient obtains control) or when no future benefits are expected from the use or disposal. Any gain or loss arising on derecognition of an asset (which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

The residual value, useful lives and depreciation methods of property and equipment are reviewed at the end of each financial year, and adjusted prospectively, if appropriate.

Capital work in progress

Capital work in progress at year end includes certain assets that have been acquired but are not ready for their intended use. Capital work-in progress is stated at cost less accumulated impairment, and it is transferred to relevant assets categories and are depreciated once they are available for their intended use.

4.5 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, as well as those held for undetermined future use but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties include investments in real estate properties owned in KSA, either directly or through partnership interests, and are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any.

Investment properties are depreciated on a straight line basis over the estimated useful life of the respective assets. The estimated useful lives of the investment properties range from 40 to 50 years. Land and CWIP are not depreciated.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount, and are recognised in net within other operating income in the statement of profit or loss.

Properties are transferred from investment properties to property and equipment when and only when there is a change in use. Classification must be done when there is evidence that a change in use occurs and not merely a change in management's intentions. Such transfers are made at the carrying value of the properties at the date of transfer.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4.5 Investment properties- continued

Investment properties' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

Maintenance and normal repairs which do not extend the estimated economic useful life of an asset are charged to the statement of profit or loss when incurred.

4.6 Intangible assets

Intangible assets, other than goodwill, acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite useful lives are amortized over their estimated useful lives as follows:

<i>Category</i>	<i>Years</i>
- Software	4 – 6 years

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end to determine whether there is any indication that the intangible assets are impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognised in the statement of profit or loss and OCT in the expense category consistent with the function of the intangible asset. Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the group. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

4.7 Investments in associates and joint ventures

Associates are those entities in 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. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations in determining significant influence and joint control are retaining, directly or indirectly, a percentage of the voting power of the investee, representation on the board of directors or similar governance bodies of the investee, participation in policy-making, including participation in decisions relating to dividends or other distributions, material transactions between the Company and the investee, the exchange of administrative personnel or the provision of basic technical information.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.7 Investments in associates and joint ventures - continued

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method of accounting, the investment in the associate or the joint venture is initially recognised at cost in the statement of financial position and adjusted thereafter to recognise the Company's share in the associate or joint venture's statement of profit or loss and other comprehensive income, less any impairment in the value of the net investment.

When the Group's share of losses in the associate or the joint venture exceeds its interest in the associate or the joint venture, including any long-term interests form part of the net investment in the associate or the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture. If the associate or the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group's investment in the associate or the joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture.

On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment and is neither depreciated nor individually tested for impairment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the year in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. Any investment retained is recognized at fair value. Any difference between the carrying amount of the associate or joint venture and the fair value of the retaining investment and proceeds from disposal is recognised in the statement of income.

When the Group reduces its interest in an associate or a joint venture and the Group continues to apply the equity method, the Group must reclassify the gain and loss previously recognized in other comprehensive income and related to that decrease in the statement of profit and loss, if the classification of profit and loss includes derecognition of related assets or liabilities.

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

Unrealised gains or losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. The Group's share of results of an associate and a joint venture is shown on the face of the statement of income outside operating profit or loss.

The financial statements of the associate or joint venture are prepared for the same financial period of the Group, and when necessary, adjustments are made to bring the policies in line with those of the Group.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.8 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.

1. Recognition, classification, and presentation

Financial instruments are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

The Group determines the classification of its financial instruments at initial recognition.

The Group classifies its financial assets in the following categories:

- a) Fair value (either through other comprehensive income, or through profit or loss); and
- b) Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group has classified all the non-derivative financial liabilities at amortised cost.

2. Measurement

Initial measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or, where appropriate, deducted from them (Except for financial assets and liabilities at fair value where transaction costs directly attributable to the acquisition of financial assets or liabilities are recognized directly in the statement of profit or loss and other comprehensive income ("OCI")).

Subsequent measurement of financial assets

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

a. Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, other financial assets at amortised cost and amounts due from related parties.

b. Financial assets at FVTPL

The financial assets measured at FVTPL are re-measured to fair value at each financial reporting date without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in future.

The Group has classified its marketable securities and managed funds at FVTPL.

c. Financial assets at FVOCI

Financial assets measured at fair value through other comprehensive income ("FVOCI") are 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.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognised in OCI is reclassified to profit or loss. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in case of equity instruments.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4.8 Financial instruments - continued

The recognition and presentation of gains and losses for each measurement category are as follows:

Measurement category	Recognition and presentation of gains and losses
Amortized cost	The following items are recognized in profit or loss: • interest revenue using the effective interest method, • expected credit losses and reversals; and • foreign exchange gains and losses. When the financial asset is derecognized, the gain or loss is recognized in profit or loss.
Fair value through other comprehensive income.	Gains and losses are recognized in OCI, except for the following items, which are recognized in statement of profit or loss in the same manner as for financial assets measured at amortised cost: • interest revenue using the effective interest method, • expected credit losses and loss reversals; and • foreign exchange gains and losses.
Presentation of gains or losses in OCI	Gains and losses are recognized in OCI. Dividends are recognized in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in OCI are not reclassified to profit or loss under any circumstances.
Fair value through profit or loss	Gains and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.

Subsequent measurement of financial liabilities

a) Amortized cost

Subsequent to initial recognition, financial liabilities are measured at amortised cost calculated under the effective interest method except for the following liabilities:

1. Measured at fair value through profit or loss.
2. That arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach.
3. That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss.
4. That are financial guarantee contracts; and
5. Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Gains or losses on financial liabilities that are measured at fair value recognized in profit or loss. The only exception is for gains and losses on certain financial liabilities designated as FVTPL when the entity is required to present the effects of changes in the liability's credit risk in OCI.

The Group's financial liabilities include borrowings, trade and other payables and amounts due to related parties.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4.8 Financial instruments - continued

b) Financial liabilities at FVTPL

Financial liabilities falling under this category include:

1. Liabilities held for trading; and
2. Those designated at FVTPL.

After initial recognition, the Group measures financial liabilities at fair value with changes recognized in profit or loss.

Gains or losses on a financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that financial liabilities is presented in OCI; and
2. The remaining amount of change in the fair value of the financial liabilities is presented in profit or loss.

c) Liabilities other than financial liabilities at FVTPL

Financial liabilities are measured at amortised cost using the effective interest rate. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

3. Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

IFRS 9 requires the Entity to apply expected credit loss ("ECL") model in relation to impairment of financial assets. A credit event does not necessarily have to occur in order for a credit loss to be recognized. Instead, the entity calculates, by using the expected credit loss model, expected credit losses and changes at each reporting date.

The ECL is measured and provided for either at an amount equal to (A) 12-month expected credit losses or (B) long-term expected credit losses.

- If credit risk of financial instrument has not increased significantly since the initial recognition, then a provision equals to 12-months expected credit losses is made.
- In other cases, a provision must be made for long-term credit losses.

For trade receivables, the Group has applied the simplified approach under IFRS 9 and has calculated under ECLs Model on the lifetime of financial assets.

- The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Except for investments in debt instruments that are measured at FVTOCI, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. The interest income continues to be accrued based on the reduced carrying amount by using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

- For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognized in the statement of other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.
- If, in a subsequent year, the amount of the impairment loss or estimated value increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later reversed, the recoveries are credited to finance costs in profit or loss.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4.8 Financial Instruments – continued

Derecognition of financial assets

The financial assets are derecognized from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have been transferred or transferred substantially all risks and rewards of ownership. The difference in the carrying amount is recognized in profit or loss.

Derecognition of financial liabilities

The financial liabilities are derecognized when the underlying obligations are extinguished, discharged, lawfully cancelled, expires, or legally released.

4. Offsetting of financial instruments

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

4.9 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position consists of bank balances and cash in hand, which are subject to an insignificant risk of changes in value. Cash and cash equivalents that are subject to bank restrictions and are not available for use are excluded from cash and cash equivalents for the purpose of preparing the cash flow statement.

4.10 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at nominal amounts. These are derecognized and charged to profit or loss and OCI either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

4.11 Employee benefits

a) Defined benefit plans

The Group provides a defined benefits plan to the employees in accordance with the Labor Laws and Workman Laws of the Kingdom of Saudi Arabia, whereby the Group's net benefit obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior period, discounting that amount.

The calculation of defined benefit obligations ("DBO") is performed annually by a qualified actuary using the projected unit credit method, who takes into account the provisions of the Labor Law in the Kingdom of Saudi Arabia and the Group's policy.

The DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows. The net interest cost are calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets.

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. In the absence of such significant market fluctuations and one-off events, 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 interim period, consideration is given to re-measure such liabilities and the related costs.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4.11 Employee benefits - continued

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income ("OCI"). The net interest cost is calculated by applying the discount rate used to measure the net defined benefit liability or asset. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changes or when a plan's term is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

b) Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, including non-monetary benefits, annual leave and sick leave, and air fare in the period in which the related service is rendered, as well as the undiscounted amount of the benefits expected to be paid in exchange for that service on the basis that the related service has been performed. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

c) Post-employment benefits

The Group pays retirement contributions for its national employees to the General Organization for Social Insurance, which is a defined contribution plan, and the payments are expensed as incurred.

4.12 Zakat

The Group is subject to zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat is charged to profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

4.13 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that a use of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. In cases where the Group is able to recover some or all of the provisions, for example, under an insurance contract, the recoveries are recognized as a separate asset only when the recovery process is actually confirmed. The expense related to the provision is recognized in the consolidated statement of comprehensive income after deducting any recoveries.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at the current pre-tax rate that reflects current market assessments of the time value of money and 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 in the profits or losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

4.13 Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements, but are disclosed when it is probable that economic benefits will be acquired. An assessment is made at each reporting date to recognize contingent liabilities, which represent 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.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.15 Borrowings

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and such costs are charged to the profit or loss. In case of specific borrowings, these costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the related asset. All other borrowing costs are expensed in the period in which they occur.

4.16 Revenue

Revenue arising from contracts is recognized and measured in accordance with applying the requirements of IFRS 15, unless these contracts are within the scope of other standards, whereby revenue is recognized in the amount that reflects the price that the entity expects to receive in exchange for services to the customer.

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.

IFRS 15 is applied as the Group recognizes revenue from contracts with customers based on the following five-steps:

- a) Identify the contract with a customer. A contract is 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.
- b) 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.
- c) Determining the transaction price. The transaction price is the amount expected from the Group in exchange for transferring goods or services agreed upon with a customer, excluding amount collected on behalf of third parties.
- d) Allocate the transaction price to the performance obligation in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount expected to be collected from goods or services in exchange for satisfying a performance obligation.
- e) Recognise revenue when (or as) the entity satisfies a performance obligation.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4.16 Revenue– continued

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a) The customer simultaneously receives and consumes the benefits provided by the Company's performance, 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 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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue is recognized in profit or loss to the extent that it is expected that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Company's revenues are:

Leasing revenue

Revenue is recognized as per above. Rental income arising from operating leases is recognized on a straight-line basis over the term of the operating lease. Initial direct cost incurred or incentive in negotiating the lease agreement is added and considered as an integral part of the carrying amount of the leased contract and recognized on a straight-line basis over the term of lease agreement.

4.17 Foreign currency translation

In principle, foreign currency transactions are converted by the Group at the spot rates of the designated functional currency on the date on which the transaction first becomes eligible for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rates for the functional currency on the date of preparing the financial statements. Differences arising from the settlement or transfer of monetary items are recognized in the consolidated statement of income

Non-monetary items that are measured at historical cost, stated in a foreign currency, are translated at the prevalent exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated at the prevalent exchange rates at the date when the fair value was determined. Profits or losses resulting from translating non-monetary items that were measured at fair value are treated in accordance with the recognition of profits or losses resulting from the change in the fair value of the item (i.e., the translation differences are recognized on the items for which fair value gains or losses are measured in other comprehensive income or profit or loss item, and is also recognized in profit or loss or in other comprehensive income, respectively).

To determine the spot exchange rate used on initial recognition of the related assets, expenses and revenue (or any part thereof) upon discontinuation of initial recognition of a non-monetary asset or non-monetary liability relating to the advance consideration, the date of the transaction is the date on which the entity originally recognized the non-monetary asset or liability arising from the advance consideration. If there are multiple payments paid or received in advance, the Group determines the date of the transaction on which the consideration was received or paid in advance.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.18 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the fair value of the asset or cash-generating unit less costs of disposal and value in use, whichever is higher. The recoverable amount of an individual asset is determined separately, unless the asset does not generate cash flows that are largely independent of the cash flows from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the present value, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions are specified, an appropriate valuation form is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses from continuing operations are recognized in the consolidated statement of comprehensive income in the categories of expenses that correspond to the function of impairment assets, except for any previously revalued properties and the revaluation was added to other comprehensive income. In this case, the fair value decrease is recognized in other comprehensive income until it reaches the amount of a previous revaluation.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed the recoverable amount and does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

4.19 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset or assets, even if that asset (or those assets) is not explicitly specified in an arrangement.

Group as a lessee

Assets and liabilities related to lease contracts that meet the requirements of IFRS 16 are recognised, where

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets is depreciated at cost which include the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made on or before the commencement date, less any lease incentives received.
- Renewal costs, if any.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.19 Leases- continued

Lease liabilities include the net present value of the following lease payments.

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable.
- Variable lease payments that do not depend on an index or rate, if any.
- Amounts expected to be payable by the lessee under residual value guarantees.
- Exercise price of a purchase option if the lessee is reasonably certain to exercise that option, if any.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, if any.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. There is no impact on the Group for the application of IFRS 16, as the existing lease contracts with the Group are considered short-term lease contracts with periods of 12 months or less.

Group as a lessor

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. Each lease contract, if any, is classified, as either a finance lease or an operating lease, as the considering of a lease contract as a financing contract or an operating contract depends on the substance of the arrangement at the inception date.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease incentives or any rent increases are recognised as an integral part of the total receivable lease liabilities and are calculated on a straight-line basis over the term of the lease. Contingent rents are recognized as revenue over the period in which they are accounted for.

4.20 Expenses

Expenses are recognized when incurred based on the accrual basis of accounting. General and administrative expenses include costs not specifically part of cost of direct revenue. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

4.21 Value Added Tax ("VAT")

Revenues, expenses and assets are recognized after deducting value tax, except for:

- where VAT incurred in connection with the purchase of assets or services is not recoverable from the tax authority, in which case VAT is recognized as part of the cost of purchasing the asset or as part of an expense item, where applicable; and
- receivables and payables that have been included with the VAT amount.

The net amount of VAT that is recoverable from, or payable to, the tax authority is listed as part of accounts receivable or payable in the consolidated statement of financial position.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.22 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Since the Group does not have any convertible shares, the basic earnings per share is equal to the diluted earnings per share.

4.23 Cash dividend

The Group recognises a liability to make cash distributions to shareholders when the distribution is authorised. In accordance with the Saudi Arabian Companies' Law, dividends are recognized when approved by the General Assembly and the corresponding amount is recognized directly in equity.

4.24 Statutory reserve

In accordance with the Companies' Law in the Kingdom of Saudi Arabia, the Company must transfer 10% of the net income for the year to the statutory reserve until the total reserve equals 30% of its capital. This reserve is currently not available for distribution to the shareholders of the Group.

4.25 New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these consolidated financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Company.

4.26 Segment reporting

Operating business segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management considers the Group is organised into one operating segment. Accordingly, the presentation of the different segment information is not applicable. Furthermore, the Group operates its activities within the Kingdom of Saudi Arabia.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the existed circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS- continued

5.1 Judgements

5.1.1 Determination of control

Determining the Group's control depends on the way decisions about the relevant activities are made and the rights that the Group has in the investees, whereby the Group owns less than 50% of the voting rights of its subsidiary, as with the increase of its ownership interest, during the year 2021, some changes have occurred in the board of directors of the investee, and then the control over the subsidiary has been achieved, therefore, the Company has a presence giving it power to direct relevant activities of the investee, and thus the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. Hence, the Group has consolidated this investee, which meets the above criteria as part of the Group's consolidated financial statements.

5.1.2 Determination of transaction prices

The Group shall determine transaction prices in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

5.1.3 Classification of investment properties

The Group determines whether a property is qualified as investment property under IAS 40 - "Investment Property". In making such judgement, the Group considers whether the property generates cash flows which are largely independent of cash flows from other assets held by the Group.

5.1.4 Operating leases obligations – Company as a lessor

The Group has entered into commercial and retail leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

5.2 Estimates and assumptions

5.2.1 Employee benefits

The cost of the defined benefit programs and the present value of the obligation is determined using actuarial valuations. The actuarial valuation includes many different assumptions that differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover rate.

As a result of the complexity and long-term nature of the valuation process, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are examined at the reporting date. The most sensitive parameters are the discount rate and future salary increase. When determining the appropriate discount rate, management relies on market yield on high quality corporate bonds. Future salary increases depend on future inflation rates, seniority, promotion, supply and demand in the employment market. The mortality rate is based on publicly available mortality tables for the specific country. The extrapolation of mortality tables may change over time in response to population changes.

5.2.2 Impairment of trade receivables

Expected credit losses

The provision matrix is originally determined on the basis of previously observed default rates. The Company 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 analyzed.

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5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS- continued

5.2.3 Useful lives of property and equipment and investment properties

The Group determines the estimated useful lives of the property and equipment and investment property for calculating depreciation. This estimate is determined after taking into account the expected period of use of the asset and the natural damage. The management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefits of these assets, and changes in depreciation expense are adjusted in current and future periods, if any.

5.2.4 Impairment of non-financial assets

At each reporting date, the Group determines whether there is an indication that an asset may be impaired. Non-financial assets are selected to determine impairment in the event of indications that the carrying amounts cannot be recovered. When value in use calculations are undertaken, the management estimates the future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

5.2.5 Going concern

The management of the Group has assessed its ability to continue on the basis of the going concern and has concluded that it has the resources to continue its activity in 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. Accordingly, the financial statements have been prepared on a going concern basis.

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31 December 2022

6- PROPERTY AND EQUIPMENT

	Electrical appliances and air conditioners	Vehicles	Computers	Furniture and fixtures	Tools	Capital work- in-progress	Total
Cost							
At 1 January 2022	1,292,556	229,942	684,542	3,773,933	192,841	553,853	6,727,707
Additions	-	108,000	17,025	13,528	-	298,025	436,578
Transfer	-	-	-	513,604	-	(513,604)	-
At 31 December 2022	<u>1,292,556</u>	<u>337,942</u>	<u>701,567</u>	<u>4,301,065</u>	<u>192,841</u>	<u>338,274</u>	<u>7,164,285</u>
Accumulated depreciation							
At 1 January 2022	1081585	184,649	624,150	3,464,464	179,899	-	5,534,747
Charged during the year	62,064	31,166	24,057	173,446	5,536	-	296,269
At 31 December 2022	<u>1,143,649</u>	<u>215,815</u>	<u>648,207</u>	<u>3,637,910</u>	<u>185,435</u>	<u>-</u>	<u>5,831,016</u>
Net book value							
At 31 December 2022	<u>148,907</u>	<u>122,127</u>	<u>53,360</u>	<u>663,155</u>	<u>7,406</u>	<u>338,274</u>	<u>1,333,269</u>

Depreciation of property and equipment is charged for the year ending 31 December 2022, as follows:

	2022 SR
Cost of revenue	198,784
General and administrative expense	<u>97,485</u>
	<u>296,269</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

6- PROPERTY AND EQUIPMENT - continued

	Electrical appliances and air conditioners	Vehicles	Computers	Furniture and fixtures	Tools	Capital work- in-progress	Total
<i>Cost</i>							
At 1 January 2021	1,292,556	112,500	644,506	3,668,736	192,841	-	5,911,139
Additions	-	-	40,036	7,121	-	553,854	601,011
Acquired assets	-	117,482	-	98,076	-	-	215,558
At 31 December 2021	1,292,556	229,982	684,542	3,773,933	192,841	553,853	6,727,708
<i>Accumulated depreciation</i>							
At 1 January 2021	1,015,056	110,437	605,831	3,328,979	170,246	-	5,230,549
Charged during the year	66,529	2,063	18,320	74,388	9,653	-	170,953
Depreciation of Acquired assets	-	72,149	-	61,097	-	-	133,246
At 31 December 2021	1,081,585	184,649	624,151	3,464,464	179,899	-	5,534,748
<i>Net book value</i>							
At 31 December 2021	210,971	45,333	60,391	309,469	12,942	553,853	1,192,960

Depreciation of property and equipment is charged for the year ending 31 December 2021, as follows:

Cost of revenue	60,449
General and administrative expense	110,504
	<u>170,953</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

7- INVESTMENT PROPERTIES

	At 31 December 2022			
	SR			
	Land	Buildings	Capital work-in-progress	Total
<i>Cost:</i>				
At the beginning of the year	352,233,706	267,957,656	10,606,683	630,798,045
Additions during the year	-	1,308,959	6,469,720	7,778,679
Disposals during the year (notes 25 & 27)	(8,110,000)	(8,382,474)	-	(16,492,474)
Transfers	-	13,410,026	(13,410,026)	-
At the end of the year	344,123,706	274,294,167	3,666,377	622,084,250
<i>Accumulated depreciation:</i>				
At the beginning of the year	-	43,007,352	-	43,007,352
Depreciation for the year	-	6,798,268	-	6,798,268
Disposals	-	(2,875,385)	-	(2,875,385)
At the end of the year	-	46,930,235	-	46,930,235
<i>Impairment:</i>				
At the beginning of the year	66,613	4,690,973	-	4,757,586
Impairment during the year	-	2,658,416	-	2,658,416
Reversal of impairment during the year	(66,613)	-	-	(66,613)
At the end of the year	-	7,349,389	-	7,349,389
<i>Net book amount:</i>				
At 31 December 2022	344,123,706	220,014,543	3,666,377	567,804,626

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

7- INVESTMENT PROPERTY - continued

	At 31 December 2021 SR			
	Land	Buildings	Capital work-in-progress	Total
<i>Costs:</i>				
At the beginning of the year	65,262,501	121,935,827	-	187,198,328
Additions during the year	71,270,205	50,203,406	758,538	122,232,149
Acquired properties	215,701,000	95,818,423	9,848,145	321,367,568
At the end of the year	352,233,706	267,957,656	10,606,683	630,798,045
<i>Accumulated depreciation:</i>				
At the beginning of the year	-	35,846,343	-	35,846,343
Depreciation for the year	-	2,2430,722	-	2,2430,722
Depreciation of acquired properties	-	4,730,287	-	4,730,287
At the end of the year	-	43,007,352	-	43,007,352
<i>Impairment:</i>				
At the beginning of the year	-	-	-	-
Impairment during the year	66,613	-	-	66,613
Impairment of acquired properties	-	4,690,973	-	4,690,973
At the end of the year	66,613	4,690,973	-	4,757,586
<i>Net book amount:</i>				
At 31 December 2021	352,167,093			
	352,167,093	220,259,331	10,606,683	583,033,107

The capital work-in-progress represents the renovations to investment properties, which are being renovated by the Group's management.

Investment properties include properties mortgaged to local banks against the facilities obtained by the Company.

Investment properties include properties registered in the name of certain shareholders of the Subsidiary (non-controlling interests), and its carrying value amounted to SR 8.5 million as at 31 December 2022, and its fair value amounted to SR 20.1 million as of that date. The ownership is being transferred in the name of the Subsidiary.

The fair value of the investment properties was determined by Itqan Real Estate Company and its partner (Nasser Khaled Al-Takhim, Abdullah Muhammad Al-Ajmi), accredited valuers by the Saudi Authority for Accredited Valuers ("Taqeem"), holding membership numbers 1210001816, and 1210001245, respectively. Itqan Real Estate Company and its partner are independent valuers, not related to the Group, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued.

The fair value of the Group's land and buildings valued amounted to SR 661 million (31 December 2021: SR 667 million).

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31 December 2022

8- INTANGIBLE ASSETS

	<i>Computer software</i>	
	<i>31 December 2022</i>	<i>31 December 2021</i>
<i>Cost:</i>		
At the beginning of the year	278,493	278,493
Additions during the year	92,990	-
At the end of the year	371,483	278,493
<i>Accumulated amortization:</i>		
At the beginning of the year	265,613	242,581
Amortisation of the year	12,402	23,032
At the end of the year	278,015	265,613
<i>Net book amount:</i>		
At 31 December	93,468	12,880

9- INVESTMENTS IN JOINT VENTURES

	<i>Tahlia Mall Project (9-1) SR</i>	<i>Al Badiah Building Project (9-2) SR</i>	<i>Total SR</i>
31 December 2021	14,559,904	9,353,015	23,912,919
Additions during the year	5,346,961	-	5,346,961
Share in profit of a joint venture	192,820	312,312	505,132
31 December 2022	20,099,685	9,665,327	29,765,012

	<i>Tahlia Mall Project (9-1) SR</i>	<i>Al Badiah Building Project (9-2) SR</i>	<i>Total SR</i>
31 December 2020	10,068,890	9,148,373	19,217,263
Additions during the year	4,491,014	-	4,491,014
Share in profit of a joint venture	-	204,642	204,642
31 December 2021	14,559,904	9,353,015	23,912,919

9.1 On 1 November 2019, the Group invested in a joint venture with an investor, which is a commercial center under construction in North Mawhar District in Riyadh.

9.2 On 21 January 2018, the Group invested in a joint venture with one of the shareholders, which is a construction of building on the land equally owned by both parties.

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31 December 2022

10. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>31 December 2022 SR</i>	<i>31 December 2021 SR</i>
Investments in companies listed on the Saudi Stock Exchange	-	-
Investments in companies nonlisted on the Saudi Stock Exchange	-	714,290
	<u>-</u>	<u>714,290</u>

10.1 Investments in companies listed on the Saudi Stock Exchange

During 2021, the company sold its investments at fair value through OCI with an original value of SR 13,821,059 and their cost of sale is amounted to SR 30,306,352. The realized gain on sale of investment of SR 16,485,292 is reclassified from other reserves category to retained earnings. The movement of investments in financial assets at FVOCI was as follows:

	<i>31 December 2022 SR</i>	<i>31 December 2021 SR</i>
At the beginning of the year	-	30,131,130
Additions during the year	-	-
Changes in fair value of investments during the year	-	175,222
Proceeds from sale of investments	-	(30,306,352)
	<u>-</u>	<u>-</u>

10.2 Investments in companies nonlisted on the Saudi Stock Exchange

As at 31 December 2022, the Group owns 9.51% investment (31 December 2021: 9.51%) in United Financial House Company, which is a Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 101026112 dated 1 Muharram 1430H (corresponding to 17 January 2009). The principal activities of the Company represent in custody of securities with the cost amounting to SR 5,500,000 which was classified as financial asset at fair value through other comprehensive income.

During 2022, the Company's management has concluded that the amount of this investment can not be recoverable, as the invoice is under liquidation procedures.

	<i>31 December 2022 SR</i>	<i>31 December 2021 SR</i>
United Financial House Company	5,500,000	5,500,000
Less: Impairment	(5,500,000)	(4,785,710)
	<u>-</u>	<u>714,290</u>

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10- FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
(continued)

The movement of the impairment during the year was as follows:

	For the year ended 31 December 2022 SR	For the year ended 31 December 2021 SR
Balance at the beginning of the year	4,785,710	4,071,420
Impairment during the year	714,290	714,290
Balance at the end of the year	<u>5,500,000</u>	<u>4,785,710</u>

11- FINANCIAL ASSETS AT FVTPL

This represents investments in quoted securities through portfolio managers. The movement of the investment during the year is as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	22,871,058	-
Investments made during the year	-	6,321,816
Additions during the year	34,022,924	21,599,509
Disposals during the year	(56,893,982)	(5,324,231)
Change in fair value	-	273,964
At the end of the year	<u>-</u>	<u>22,871,058</u>

During the year ended 31 December 2022, the Group sold all the amount of the investment with a total amount of SR 60,681,749, which resulted to a net realised gain amounting to SR 3,787,767.

12- INVESTMENTS IN AN ASSOCIATE

During 2021, the Subsidiary acquired 15% ownership of Etihad Hittin Real Estate company (an "associate"), a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010708513 dated 17 Ramadan 1442H (corresponding to 29 April 2021). The associate is engaged in buying and selling lands and real estate and dividing them, off-plan sale activities, management and leasing of owned or leased properties (residential and non-residential), management and leasing of self-storage stores, and the activities of broker agents.

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12- INVESTMENTS IN AN ASSOCIATE (continued)

The movement in the carrying amount of the investment is as follows.

	<i>31 December 2022 SR</i>	<i>31 December 2021 SR</i>
At the beginning of the year	9,755,803	-
Additions during the year	-	9,755,803
Dividends received during the year	(300,000)	-
Share of profit of an associate	(219,020)	-
At the end of the year	<u>9,236,783</u>	<u>9,755,803</u>

13- TRADE RECEIVABLES, NET

	<i>31 December 2022 SR</i>	<i>31 December 2021 SR</i>
Trade receivables	4,000,204	2,787,975
Less: Provision for expected credit losses	(707,535)	(479,744)
Trade receivables, net	<u>3,292,669</u>	<u>2,308,231</u>

Movement in expected credit loss allowance during the year is as follows:

	<i>For the year ended 31 December 2022 SR</i>	<i>For the year ended 31 December 2021 SR</i>
Balance at the beginning of the year	479,744	437,749
Allowance during the year	227,791	-
Allowance on acquisition of a subsidiary	-	41,995
Balance at the end of the year	<u>707,535</u>	<u>479,744</u>

14- PREPAYMENTS AND OTHER FINANCIAL ASSETS

	<i>31 December 2022 SR</i>	<i>31 December 2021 SR</i>
Prepayments	597,416	90,064
Employees' receivables	454,181	439,093
Advances to suppliers	-	117,149
VAT receivable	-	403,810
Others	133,735	418,003
	<u>1,185,332</u>	<u>1,468,119</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

15- CASH AND CASH EQUIVALENTS

	31 December 2022 SR	31 December 2021 SR
Cash in bank	3,445,487	14,107,396
Cash in hand	8,927	8,452
	<u>3,454,414</u>	<u>14,115,848</u>

16- RELATED PARTY TRANSACTIONS AND BALANCES

16.1 Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties.

The following transactions were carried out with the related parties during the years ended 31 December:

Related Party	Nature of relationship	Nature of transactions	2022 SR	2021 SR
International Hotels Company	Associate	Leasing revenue Expenses paid on behalf	5,500,000 493,796	3,500,000 -
Suleh Al-Haqbani	Shareholder of the subsidiary	Purchase an additional share in investment in a subsidiary from the shareholder Payments for an additional share in investment in a subsidiary from the shareholder	- 4,300,000	8,854,000 -
Muhammad Abdul Aziz Saleh Al-Haqbani	Partner in a joint venture	Revenue collected from the Company on behalf of the Partner Management fee	577,125 30,000	602,631 30,000
Al-Jawhara Muhammad Al-Shuwair	Partner in a joint venture	Development costs of a joint venture Revenue collected on behalf of the Partner	3,196,889 1,402,547	4,311,615 -
Al-Haqbani Commercial Group Company	Associate	Purchases Leasing revenue	1,441,029 1,989,106	274,492 1,741,664
Al-Haqbani for Information Technology Company	Associate	Purchases Leasing revenue	161,815 123,683	275,429 123,683
Shehal Holding Co.	Associate	Collections on behalf	57,484	-
Kemda House Company	Associate	Collections on behalf	57,484	-
Samah House Contracting Company	Associate	Collections on behalf	24,636	-
Bader Salman Al-Haqbani	Shareholder of the subsidiary	Purchase of investment property	1,200,000	-
Elilad Hittin Real Estate company	Associate	Leasing revenue	175,066	150,633
Hwar International Company	Shareholder of the subsidiary	Purchase of computer software Dividends payable	103,500 212,496	- 212,496
Arabian Company for Fans	Associate	Leasing revenue	1,393,610	1,381,510
A.D Company For Mechanical & Electrical Equipment Ltd	Associate	Leasing revenue	138,805	413,503
Al Hadiyah Building Project	Joint venture	Collections on behalf	463,505	155,834
Tahira Mall Project	Joint venture	Collections on behalf	1,402,547	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

16. RELATED PARTY TRANSACTIONS AND BALANCES - (continued)

16.2 Related party balances

The following are the details of related party balances at the year-end:

Amounts due from related parties

	31 December 2022 SR	31 December 2021 SR
Al-Jawhara Muhammad Al-Shuwaijer	581,650	-
Etihad Hittin Real Estate company	161,633	146,248
	743,283	146,248

Amounts due to related parties

	31 December 2022 SR	31 December 2021 SR
Salch Al-Haqbani	4,554,000	8,854,000
Tahlia Mall Project	1,402,547	-
Al Badiah Building Project	819,339	355,833
Hawar International Company	613,644	401,148
Muhammed Bin Abdulaziz Al-Haqbani	87,214	119,387
Al-Haqbani for Information Technology Company	51,750	-
Al-Jawhara Muhammad Al-Shuwaijer	-	1,823,240
	7,528,494	11,553,608

16.3 Key management compensation

The compensation paid or payable to key management for employee services during the years ended 31 December is as follows:

	2022 SR	2021 SR
Short-term key management personnel compensation	148,9612	1,312,560
Long-term key management personnel compensation	85,711	48,000
	1,575,323	1,360,560

17- SHARE CAPITAL

The capital of the Company amounting to SR 200 million, as at 31 December 2022, consists of 20 million ordinary share (31 December 2021: Amounting SR 200 million consists of 20 million ordinary share), the value of each share is SR 10.

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18- STATUTORY RESERVE

In accordance with the provisions of Companies' Law in the Kingdom of Saudi Arabia and the Company's By-Laws, 10% of the net income for the year must be transferred to create the statutory reserve for the Company, the ordinary general assembly may decide to discontinue such a provision whenever this reserve equals 10% of paid capital. This reserve is not available for distribution.

19. OTHER RESERVES

	31 December 2022 SR	31 December 2021 SR
Statutory reserve	40000000	40,000,000
Remeasurement of employee benefit obligations	(494,396)	(586,238)
	<u>39,505,604</u>	<u>39,413,762</u>

The extraordinary general assembly decided on 28 December 2020 to approve the recommendation of the Company's board of directors in its meeting dated 24 December 2020 for creating a statutory reserve and is being funded through a receivable balance from the shareholders by SR 40 million. In accordance with the Company's By-Laws, the ordinary general assembly, based on the Board of Directors' recommendation, 5% of net profits shall be provided to create a statutory reserve for a certain purpose or others.

20- LOANS

The movement in loans as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	138,686,155	-
Proceeds from loans	66,478,826	144,186,255
Repayment of loans	(122,142,709)	(5,500,000)
At the end of the year	<u>83,022,372</u>	<u>138,686,255</u>
Short-term loans	34,572,000	16,013,438
Long term loans – current portion	8,108,087	18,072,357
Long term loans – non-current portion	<u>40,342,285</u>	<u>104,600,460</u>

The Group has obtained loan facilities from local banks for the purpose of expanding its real estate investment, and the facilities bear a commission based on Saudi Inter Bank Offer Rate ("SIBOR") plus an agreed markup.

These loans are secured by promissory notes from the Group and properties mortgaged to local banks against the facilities obtained by the Company.

Finance charges for the period amounted to SR 4,696,864 which have been recognised in statement of profit or loss for the period ended 31 December 2022.

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21- EMPLOYEE BENEFIT OBLIGATIONS

	2022 SR	2021 SR
Balance at the beginning of the year	1,246,811	319,982
Obligation of acquired Subsidiary during the year	-	880,007
Current service cost	241,751	86,936
Interest expense	39,223	8,288
Employee benefit expense recognised in profit or loss	314,409	95,224
Benefits paid	(7,875)	(190,147)
Actuarial (gain) loss included in other comprehensive income	(116,939)	141,745
Balance at the end of the year	1,402,971	1,246,811

Assumptions used and risks

The principal assumptions used in determining employee benefit obligations are shown below:

	2022 SR	2021 SR
Discount rate	4.07- 4.15%	2.5- 3.2%
Expected rate of salary increase	2-2.5%	1 - 2%
Assumed retirement age	60	60

The employee benefit obligations typically expose the Group to actuarial risks such as interest risk, longevity risk and salary risk as follows:

a. Interest risk

The discount rate used to calculate the present value of the employee benefit obligations is estimated by reference to yields on the governmental bonds. A decrease in the bond interest rate will increase the employee benefit obligations.

b. Longevity risk

The present value of the employee benefit obligations is calculated by reference to the best estimate of the number of years of employment. An increase in the number of the remaining years of employment will increase the employee benefit obligations.

c. Salary risk

The employee benefit obligations is calculated by reference to the best estimate of future salaries of employees. An increase in the salary of employees will increase the employee benefit obligations.

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21- EMPLOYEE BENEFIT OBLIGATIONS - continued

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions on the employee benefit obligations as at 31 December 2022 and 2021 is shown below:

	2022 SR	2021 SR
Discount rate:		
Increase by 1%	1,215,338	1,061,696
Decrease by 1%	1,628,955	1,247,561
Increments:		
Increase by 1%	1,624,190	1,246,586
Decrease by 1%	1,215,318	1,060,846

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the employee benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employee's benefits obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the employee's benefits obligation recognised in the statement of financial position.

22- TRADE AND OTHER ACCOUNTS PAYABLE

	2022 SR	2021 SR
Advance rental income	12,766,120	13,834,127
VAT payable	776,534	626,227
Trade payables	713,376	-
Security deposits	579,076	607,871
Accrued expenses	395,872	771,706
Others	323,873	422,949
	<u>15,554,851</u>	<u>16,282,880</u>

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23- ZAKAT

23.1 Zakat charge

The zakat charged consists of the following:

	2022 SR	2021 SR
Current year provision	1,144,773	754,322
adjustments	764,615	-
	<u>1,909,388</u>	<u>754,322</u>

The provision for the year is based on zakat base of the Company and individual zakat base of the subsidiary.

23.2 Zakat provision

The movement in the zakat provision is as follows.

	2022 SR	2021 SR
Balance at the beginning of the year	1,511,886	301,878
Provided during the year	1,144,773	754,322
The zakat provision of an acquired Subsidiary	-	757,564
adjustments	764,615	-
Payment during the year	(2,272,213)	(301,878)
Balance at the end of the year	<u>1,149,061</u>	<u>1,511,886</u>

23.3 Status of assessments

A) The Company – BANAN REAL ESTATE COMPANY

The Company has filed its zakat returns for all years up to 31 December 2021. The final assessments from 2015 up to 2017 have been raised by ZATCA resulting in additional zakat assessment amounting to SR 1,953,924, the Company has filed an appeal with GSTC against certain amounts of these assessments of SR 1,164,343, and the undisputed amounts were settled, during 2022, the GSTC's resolution was received and resulted in zakat assessment amounting to SR 217,981 which was charged and settled during the current year.

B) The Subsidiary - Al-Aziza Real Estate Development and Investment Company

The entity has filed its zakat returns for all years up to 31 December 2021. The final assessments up to 2020 have been raised by ZATCA resulting in additional assessment amounting to SR 546,634 which was charged during the year ended 31 December 2022.

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24- REVENUE

	2022	2021
	SR	SR
<i>Type of service</i>		
Leasing revenue	55,281,942	18,901,610
Revenue on sale of investment properties	416,500	-
	<u>59,446,942</u>	<u>18,901,610</u>
<i>Timing of revenue recognition</i>		
Over time	55,281,942	18,901,610
At a point in time	4,165,000	-
	<u>59,446,942</u>	<u>18,901,610</u>
<i>Type of customers</i>		
Private sector	52,126,672	15,401,610
Related parties (note 16)	7,320,270	3,500,000
	<u>59,446,942</u>	<u>18,901,610</u>
<i>Geographical region</i>		
Kingdom of Saudi Arabia	59,446,942	18,901,610

25- COST OF REVENUE

	2022	2021
	SR	SR
Depreciation of investment property	6,798,268	2,430,722
Cost of properties sold	2,892,474	-
Maintenance and materials	858,014	-
Electricity and water	391,840	-
Depreciation of property and equipment	198,784	60,449
Others	185,211	102,994
	<u>11,324,591</u>	<u>2,594,165</u>

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26- GENERAL AND ADMINISTRATIVE EXPENSE

	2022	2021
	SR	SR
Salaries, wages and related costs	3,585,901	1,500,107
Professional and consultancy fees	578,135	1,164,866
Governmental fee	471,836	250,935
Board of directors and committees remuneration	462,000	462,000
Provision for expected credit losses	227,791	-
Electricity and telephone	148,311	39,951
Stationaries and printings	126,483	67,105
Depreciation of property and equipment	97,485	110,504
Vehicles expenses	69,035	2,108
General maintenance	25,000	12,700
Amortisation of intangible assets	12,402	23,032
Others	497,030	225,021
	6,301,409	3,858,329

27- OTHER INCOME, NET

	2022	2021
	SR	SR
Management and services	584,104	-
Pursuit income	106,970	261,534
Revenue on sale of investment properties	10,000,000	-
Sale of investment properties cost (note 7)	(10,658,002)	-
Net losses on sale of investment properties	(658,002)	-
Others	68,107	-
	101,179	261,534

28- FINANCE COSTS

	2022	2021
	SR	SR
Finance charges on loans (note 20)	4,696,864	482,325
Interest charge on employees benefit obligation (note 21)	39,223	8,288
	4,736,087	490,613

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29- EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2022	2021
Net profit for the year attributable to shareholders	26,512,662	24,328,455
Weighted average number ordinary shares (share)	20,000,000	20,000,000
Basic earnings per share (in Saudi Riyals as per share)	1.33	1.22

There is no convertible liability into equity instruments, so the diluted earnings per share is not different from the basic earnings per share.

30- CAPITAL COMMITMENTS

As at 31 December 2021, the value of capital commitments amounted to SR 19,652,215 for carrying out works on a venture project, the value of which was executed amounted to SR 12,946,000 and non-executed portion amounted to SR 6,706,215 (31 December 2022: Nil)

31- FINANCIAL INSTRUMENTS

31.1 Fair value measurement of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction as at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is considered to be listed in an active market if the quoted prices are readily and regularly available from a foreign exchange dealer, broker, industry group, pricing service or regulatory body and those prices represent actual and regular market transactions carried out on an arm's length basis. When measuring the fair value, the Group uses observable market data where possible. The fair values are categorized into a hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices that are included within Level 1 and that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized as a whole within the same level input hierarchy as the lowest level input is significant to the measurement as a whole

The Company recognises the transfers have occurred between levels in the hierarchy at the end of the reporting period in which the change occurred. During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

Since the financial instruments of the Group are aggregated based on the historical cost convention, except for investments, derivative instruments, and those charged at fair value, differences may result between the carrying values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

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31- FINANCIAL INSTRUMENTS - continued

31.1 Fair value measurement of financial instruments - continued

The following table shows the carrying value and fair value of financial assets and liabilities including their levels in the fair value hierarchy. This does not include fair value information of financial assets and financial liabilities that are not measured at fair value if the carrying value is a reasonable approximation of the fair value.

	31 December 2022 SR			
	Fair value through comprehensive income.	Fair value through profit or loss	Amortized cost	Total
Financial assets				
Trade receivables, net	-	-	3,292,669	3,292,669
Prepayments and other financial assets	-	-	1,185,332	1,185,332
CASH AND CASH EQUIVALENTS	-	-	3,454,414	3,454,414
Amounts due from related parties	-	-	743,283	743,283
	-	-	8,675,698	8,675,698

	31 December 2022			
	SR			
	Fair value through comprehensive income.	Fair value through profit or loss	Amortized cost	Total
Financial liabilities				
Loans	-	-	83,022,372	83,022,372
Amounts due to related parties	-	-	7,528,494	7,528,494
Trade and other accounts payable	-	-	15,554,851	15,554,851
	-	-	106,105,717	106,105,717

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

31 FINANCIAL INSTRUMENTS - continued

31.1 Fair value measurement of financial instruments - continued

	31 December 2021 SR			
	Fair value through comprehensive income.	Fair value through profit or loss	Amortized cost	Total
Financial assets				
Investments of financial assets	9,755,803	22,871,058		32,626,861
Trade receivables, net	-	-	2,308,231	2,308,231
Prepayments and other financial assets	-	-	1,468,119	1,468,119
CASH AND CASH EQUIVALENTS	-	-	14,115,848	14,115,848
	<u>9,755,803</u>	<u>22,871,058</u>	<u>17,892,198</u>	<u>50,519,059</u>
	Fair value through comprehensive income	Fair value through profit or loss	Amortized cost	Total
Financial liabilities				
Loans	-	-	138,686,255	138,686,255
Amounts due to related parties	-	-	11,553,608	11,553,608
Trade and other accounts payable	-	-	16,282,880	16,282,880
	<u>-</u>	<u>-</u>	<u>166,522,743</u>	<u>166,522,743</u>

31.2 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.

Credit risk is managed by obligating tenants to pay the advance rent. Credit quality of a tenant is assessed when the contract is entered into, and outstanding tenant receivables are regularly monitored. The maximum exposure to credit risk applicable to the Group is the carrying value as at the reporting date as follows:

	2022 SR	2021 SR
Cash and cash equivalents	3,454,414	14,115,848
Trade receivables, net	3,292,669	2,308,231
	<u>6,747,083</u>	<u>16,424,079</u>

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 it periodically to ensure that sufficient funds are available through available bank facilities to meet any future commitments.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

31 FINANCIAL INSTRUMENTS - continued

31.1 Fair value measurement of financial instruments – continued

The following are the contractual maturities of the financial liabilities at the fiscal year end. Amounts are shown in total and not discounted, and does include estimated repayments of interest excluding the effect of netting agreements, if any.

	31 December 2022		
	SR		
	Total	On demand or less than one year	Over 1 year
Financial liabilities			
Loans	83,022,372	18,036,754	64,985,618
Amounts due to related parties	7,528,494	7,528,494	-
Trade and other accounts payable	15,554,851	15,554,851	-
	<u>106,105,717</u>	<u>41,120,099</u>	<u>64,985,618</u>

	31 December 2021		
	SR		
	Total	On demand or less than one year	Over 1 year
Financial liabilities			
Loans	138,686,255	34,085,795	104,600,460
Amounts due to related parties	11,553,608	11,553,608	-
Trade and other accounts payable	16,282,880	16,282,880	-
	<u>166,522,743</u>	<u>61,922,283</u>	<u>104,600,460</u>

31.4 Market risks

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.

31.5 Interest rates risk

Interest rate risk is the exposure to risks associated with the effect of fluctuations in the prevailing (commission) interest rates on the Group's financial position and cash flows. The Group's (commission) interest rate risk arises primarily from the loans and bank facilities, that are at interest rates that may be unidentified and are determined by the SIBOR rate plus a profit margin, and these changes in interest rates are monitored by the management on an ongoing basis.

31.6 Currency risk

It is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currencies other than the Group's currency. The Group is not exposed to significant foreign currency risks as all transactions are carried out in Saudi Riyals.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2022

31- FINANCIAL INSTRUMENTS - continued

32- DIVIDENDS DISTRIBUTION

The Group's Board of Directors recommended, during its meeting held on 21 March 2022, to distribute cash dividends of SR 0.3 per share for the second-half of FY21 totaling to SR 6 million and were approved by the General Assembly.

The Group's Board of Directors recommended, during its meeting held on 26 October 2022, to distribute cash dividends of SR 0.3 per share for the first-half of FY22 totaling to SR 6 million and were approved by the General Assembly.

The Group's Board of Directors also recommended, during its meeting held on 21 October 2021, to distribute cash dividends of SR 0.25 per share for the first-half of FY22 totaling to SR 5 million and were approved by the General Assembly.

During the year, the Subsidiary's Board of Directors approved in its meeting held on 20 January 2022 the recommendation of distributing cash dividends of SR 12 per share totaling SR 12 million.

33- EVENTS AFTER THE END OF REPORTING YEAR

In the opinion of management, there have been no significant subsequent events since the period ended 31 December 2022, which would have a material impact on the consolidated statement of financial position of the Group as reflected in these consolidated financial statements.

34- RECLASSIFICATIONS OF COMPARATIVE FIGURES

During the year, the Group has reclassified certain comparative figures of 2021 to conform to the presentation of the period ended 31 December 2022.

35- APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 28 Sha'aban 1444H (corresponding to 20 March 2023).

6-2 The audited consolidated financial statements for the fiscal year ending on 31/12/2023G

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Banan Real Estate Company, a Saudi Joint Stock Company (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 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 2023, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements 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 ("ISAs") 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 professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Below is a description of each of the key audit matters and how they are addressed:

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment and valuation of investment properties The group owns a portfolio of investment properties consisting of lands and buildings located in the Kingdom of Saudi Arabia Investment properties, being held for capital appreciation and/or rental yields, are stated at cost less accumulated depreciation and any impairment losses. For assessing the impairment of investment properties, the Group's management monitors fluctuations in the fair value of the properties by appointing a certified property valuer to conduct a formal valuation of the investment properties of the Group. As at 31 December 2023, the carrying value of the investment properties amounted to SR 621.75 million (2022: SR 621.59 million) after deducting accumulated depreciation of SR 53.94 million (2022: SR 46.93 million) and accumulated impairment of SR 1.37 million (2022: SR 3.91 million), and the fair value of these properties amounted to SR 753 million (2022: SR 661 million). We considered this as a key audit matter since assessing the impairment of investment properties requires the use of significant judgments and estimates by the Group's management and the external valuers. The use of any wrong entries or unreasonable bases in these judgments and estimates may result in a material misstatement of the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income. The Group's accounting policy for investment properties is disclosed in Note 4-5, significant accounting estimates and assumptions related to investment properties are disclosed in Note 5-2-4, and disclosures related to investment properties are disclosed in Note 7 to the accompanying consolidated financial statements.	The audit procedures we performed included, among others, the following: • We obtained information regarding the professional qualifications, competence and experience of the independent valuers of the Group, and we made sure that they are accredited by the Saudi Authority for Accredited Valuers (Taqeem), • We engaged our property valuation specialist and conducted a review of the investment properties valuation process, which included the following: - Reviewing the assumptions used and the methodologies used by the independent valuers in the evaluation process, - A detailed valuation of a sample of valued individual properties by verifying key valuation inputs and applicable assumptions. • We agreed the value of all properties held at the end of the year with the valuation results contained in the valuation report issued by the external valuers, • We ensured that the impairment loss recognized in the consolidated statement of profit or loss and other comprehensive income during the year is correct; and • We ensured that the consolidated financial statements include sufficient disclosures regarding investment properties.

**INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)**

Other Information Included in the Group's 2023 Annual Report

The management is responsible for the other information. The other information comprises the information included in the Group's 2023 annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Group's 2023 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Group's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SDCPA, and the provisions of Companies' Law 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.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF BANAH REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

As part of an audit in accordance with ISAs 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

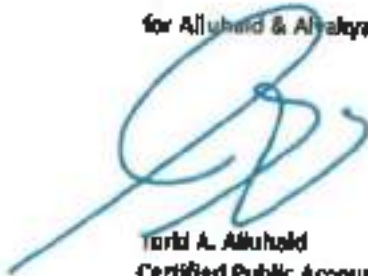
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

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

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

for Alkhalid & Alghayyur Chartered Accountants



Turki A. Alkhalid
Certified Public Accountant
License No. 438

Riyadh: 17 Sha'aban 1445 H
(27 February 2024)



**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Notes	31 December 2023 SR	31 December 2022 SR (Restated, note 37)	1 January 2022 SR (Restated, note 37)
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	6	1,205,439	1,333,269	1,192,960
Investment properties	7	566,436,347	570,833,602	562,363,617
Intangible assets	8	69,468	93,468	12,810
Investments in joint ventures	9	32,293,081	29,765,012	21,912,919
Financial assets at fair value through other comprehensive income ("FVOCI")	10	-	-	714,290
Investments in an associate	11	10,079,180	9,236,763	9,755,803
Right-of-use assets	12	360,042	-	-
TOTAL NON-CURRENT ASSETS		611,143,480	611,262,134	617,932,469
CURRENT ASSETS				
Trade receivables, net	14	3,681,258	3,292,669	2,308,231
Land for sale	16	18,432,217	-	-
Amounts due from related parties	18	148,602	161,633	146,248
Prepayments and other financial assets	15	1,533,624	1,185,332	1,468,119
Financial assets at FVTPL	13	2,636,931	-	22,871,058
Cash and cash equivalents	17	23,351,400	3,454,414	14,115,848
TOTAL CURRENT ASSETS		49,782,833	8,094,048	40,909,504
TOTAL ASSETS		660,926,313	619,356,182	658,861,973
EQUITY AND LIABILITIES				
EQUITY				
Share capital	19	200,000,000	200,000,000	200,000,000
Share premium	20	7,662,474	7,662,474	5,011,208
Other reserves	21	39,421,028	39,485,755	39,413,762
Retained earnings		171,711,159	136,952,215	94,102,276
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		379,001,661	354,100,444	318,527,246
Non-controlling interests	22	165,982,471	157,179,639	151,663,217
TOTAL EQUITY		544,984,132	511,280,083	469,590,573
LIABILITIES				
NON-CURRENT LIABILITIES				
Long-term loans	23	55,111,699	64,935,614	104,600,460
Employee benefit obligations	24	1,419,293	1,402,971	1,246,311
Lease liabilities - non-current portion	12	249,713	-	-
TOTAL NON-CURRENT LIABILITIES		56,780,707	66,338,585	105,846,771
CURRENT LIABILITIES				
Long-term loans - current portion	23	28,731,494	13,036,754	18,072,357
Short-term borrowings	23	-	5,000,000	16,073,434
Lease liabilities - current portion	12	112,275	-	-
Amounts due to related parties	18	8,661,248	6,946,844	11,553,608
Trade and other accounts payable	25	20,540,698	15,554,851	16,282,880
Zakat payable	26	1,185,757	1,149,061	1,211,886
TOTAL CURRENT LIABILITIES		59,231,474	41,687,510	63,436,169
TOTAL LIABILITIES		116,012,181	108,026,095	169,282,940
TOTAL EQUITY AND LIABILITIES		660,926,313	619,356,182	658,861,973

Chief Finance Officer

Chief Executive Officer

Chairman of the Board

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 SR	2022 SR (Restated note 37)
Revenues	27	65,970,573	59,294,711
Cost of revenue	28	(13,229,185)	(11,350,248)
GROSS PROFIT		52,741,468	47,944,463
General and administrative expenses	29	(9,142,103)	(6,301,909)
PROFIT FROM MAIN OPERATIONS		43,599,365	41,643,054
Share in profit of joint ventures	9	2,528,069	505,132
Share in profit / (loss) of an associate	11	1,028,667	(219,020)
Dividends income from financial assets at fair value through profit or loss		-	381,330
Gain on sale of financial assets at fair value through profit or loss		-	3,787,767
Changes in fair value of financial assets at fair value through profit or loss	13	467,487	-
Reversal of impairment of investment properties	7	2,412,366	1,065,707
Finance costs	31	(6,255,279)	(4,736,087)
Other income, net	30	1,303,799	253,410
INCOME BEFORE ZAKAT		43,876,474	42,681,293
Zakat	26	(1,181,469)	(1,909,388)
NET INCOME FOR THE YEAR		43,895,005	40,771,905
NET INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the parent company		28,765,944	28,215,495
Non-controlling interests		15,129,061	12,556,410
		43,895,005	40,771,905
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified to profit or loss in subsequent periods:			
Impairment loss of financial assets at FVOCI	10	-	(714,290)
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement of employee benefit obligations	24	204,052	116,939
TOTAL COMPREHENSIVE INCOME FOR YEAR		44,099,057	40,174,554
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Parent Company		28,901,217	27,572,198
Non-controlling interests		15,197,840	12,602,356
		44,099,057	40,174,554
Earnings per share (EPS)			
Basic and diluted, profit for the year attributable to ordinary shareholders of the Parent	31	0.14	0.14

Chief Finance Officer

Chief Executive Officer

Chairman of the Board

The attached notes are an integral part of these consolidated financial statements

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total shareholders' equity SR	Non- controlling interests SR	Total SR
Balance as at 1 January 2022, as previously reported	200,000,000	5,011,208	39,413,762	94,411,520	338,825,490	151,414,533	490,250,023
Restatement (note 37)	-	-	-	(308,244)	(308,244)	(561,246)	(669,490)
Balance as at 1 January 2022, (restated)	200,000,000	5,011,208	39,413,762	94,103,276	338,517,246	151,053,287	489,570,533
Comprehensive income:							
Net income for the year	-	-	-	28,215,495	28,215,495	12,556,410	40,771,905
Other comprehensive income for the year	-	-	71,993	(714,290)	164,297	44,946	459,351
Total comprehensive income for the year	-	-	71,993	27,501,205	27,575,198	12,601,356	40,176,554
Transferred to statutory reserve	-	2,651,266	-	(2,651,266)	-	-	-
Dividends (notes 22, 34)	-	-	-	(12,000,000)	(12,000,000)	(6,475,000)	(18,475,000)
Balance as at 31 December 2022	200,000,000	7,662,474	39,485,755	106,952,215	334,100,444	157,179,639	511,280,083
COMPREHENSIVE INCOME:							
Net income for the year	-	-	-	28,765,944	28,765,944	15,179,061	43,945,005
Other comprehensive income for the year	-	-	135,273	-	135,273	68,779	204,052
Total comprehensive income for the year	-	-	135,273	28,765,944	28,901,217	15,197,840	44,099,057
Dividends (notes 22, 34)	-	-	-	(4,000,000)	(4,000,000)	(6,475,000)	(10,475,000)
Balance as at 31 December 2023	200,000,000	7,662,474	39,621,028	131,718,159	379,001,661	165,902,471	544,904,132

Chief Finance Officer

Chief Executive Officer

Chairman of the Board

The appended notes 1 to 38 form an integral part of these consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 SR	2022 SR (Restated note 37)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before Zakat		45,076,473	42,681,293
Adjustments to reconcile income before zakat to net cash flows:			
Depreciation of property, plant and equipment	6	384,997	296,269
Depreciation of investment properties	7	7,109,881	6,823,925
Depreciation of right-of-use-assets	12	186,703	-
Loss on disposal of investment properties		-	658,002
Profits on disposal of property, plant and equipment		(23,000)	-
Reversal of impairment of investment properties	7	(2,412,346)	(1,065,707)
Amortisation of intangible assets	8	24,080	12,402
Share in (profit) / loss of an associate	11	(1,020,667)	219,030
Share in profit of a joint venture	9	(2,528,069)	(305,132)
Gains on sale of financial assets at fair value through profit or loss		-	(3,787,767)
Evaluation gains on financial assets at fair value through profit or loss	13	(467,487)	-
Provision for expected credit losses	14	583,052	227,791
Provision for employee benefit obligations	24	259,588	241,751
Finance costs	31	6,255,280	4,736,087
		53,347,585	50,337,934
Changes in operating assets and liabilities:			
Accounts receivable		(971,641)	(1,212,228)
Other financial assets measured at amortised cost and others		(347,692)	282,787
Lands for sale		(18,432,217)	-
Trade and other accounts payable		4,985,847	(728,029)
Amounts due from related parties		13,631	(15,379)
Amounts due to related parties		1,714,404	(4,606,764)
Cash from operating activities		48,309,917	44,258,321
Finance costs paid		(6,167,988)	(4,696,864)
Employee benefit obligations paid	24	(86,315)	(7,875)
Zakat paid	26	(1,144,773)	(2,272,213)
Net cash from operating activities		32,910,841	37,281,363
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(957,167)	(436,578)
Purchase of investment properties	7	(2,882,168)	(7,775,679)
Proceeds from disposal of investment properties		2,902,708	12,892,474
Proceeds from disposal of property, plant and equipment		23,800	-
Purchase of intangible assets	8	-	(92,990)
Payments for joint ventures	9	-	(5,346,961)
Purchase of financial assets at fair value through profit or loss	13	(2,169,444)	(31,022,924)
Proceeds from sale of financial assets at fair value through profit or loss		-	60,681,747
Dividends received from investments in an associate	11	178,147	300,000
Net cash (used in) / from investing activities		(3,224,724)	26,196,089

The attached notes 1 to 37 form an integral part of these consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 SR	2022 SR (Restated note 17)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term loans	23	10,000,000	2,000,000
Repayment of short-term loans	23	(18,000,000)	(19,013,438)
Proceeds from long-term borrowings	23	51,275,000	13,570,000
Repayment of long-term borrowings	23	(45,454,177)	(58,220,445)
Lease liabilities payments	12	(134,946)	-
Dividends to shareholders	24	(10,475,008)	(18,475,003)
Net cash used in financing activities		(9,789,131)	(74,138,886)
Net increase (decrease) in cash and cash equivalents		19,896,986	(10,661,434)
Cash and cash equivalents at the beginning of the year		3,454,414	14,115,848
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	17	23,351,400	3,454,414
NON-CASH TRANSACTIONS			
Debits written off	14	439,999	-
Additions to right-of-use assets and lease liabilities	12	466,745	-

Chief Financial Officer



Chief Executive Officer



Chairman of the Board



The attached notes 1 to 37 form an integral part of these consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2023

1- GENERAL INFORMATION

Banan Real Estate Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010207597 dated 24 Safar 1426H (corresponding to 4 April 2005).

The Company is engaged in leasing of owned or leased properties (residential and non-residential), managing and operating hotel apartments, managing real estate for a commission and providing real estate registration services.

The registered address of the Company is at North Manthar District, Muhammad ibn Abdul-Aziz Street - block 14 - Building No. 2195, Sub Number 7464.

The accompanying consolidated financial statements incorporate the financial statements of Banan Real Estate Company (the "Company" or the "Parent") and its subsidiary (Al-Aziza Real Estate Development and Investment Company), collectively referred to as the ("Group").

On 23 December 2021, The Company has increased its ownership interest in Al-Aziza Real Estate Development and Investment Company from 42.5% to 46.042%. This resulted in some changes in the board of directors of the investee, and then the significant control over Al-Aziza Real Estate Development and Investment Company has been achieved by the Company. Therefore, the Company has a presence giving it power to direct relevant activities of the investee.

The following is the subsidiary of the Company:

<u>Name of the Company</u>	<u>Country of incorporation</u>	<u>Shareholding</u>	
		31 December 2023	31 December 2022
Al-Aziza Real Estate Development and Investment Company	Kingdom of Saudi Arabia	46.042%	46.042%

Al-Aziza Real Estate Development and Investment Company (the "Subsidiary") is a Saudi closed joint stock company operating under commercial registration numbered 1010288389 dated 5 Jumada Al-Thani 1431H (corresponding to 15 May 2021).

The Subsidiary is engaged in general constructions of residential buildings, and general constructions of non-residential buildings such as schools, hospitals and hotels. The Subsidiary operates through the following branch:

<u>Branch Name</u>	<u>CR Number</u>	<u>Place of issue</u>
Branch of Al-Aziza Real Estate Development and Investment Company	1010630719	Riyadh

The impact of this acquisition has been presented in the consolidated financial statements for the financial year ended 31 December 2021.

2- BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiary mentioned above (collectively referred to as the "Group") have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA"), collectively hereafter referred to as "IFRS".

The consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting except for financial assets at fair value through profit or loss ("FVTPL") and comprehensive income which are measured at fair value, and the employee benefit obligations which are recognised at the present value of the future obligation using the projected unit credit method.

The consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional currency. All financial information has been rounded off to the nearest currency unit, unless otherwise indicated.

3- BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its Subsidiary as at 31 December 2022. 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:

- 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

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

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

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes in 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 other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of a subsidiary 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.

Non-controlling interests represent the results and equity of subsidiary that are not held by the Group and are presented separately in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to the shareholders of the Company.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements. These policies have been consistently applied to the year presented, unless otherwise stated.

4.1 Business combinations

Business combinations, excluding business combination involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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 reassesses 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 re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Subsequently, 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.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For business combinations involving entities under common control the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of income and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.2 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:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- It is held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle;
- it is held primarily for trading;
- The liability is due to be settled within twelve months after the reporting date; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting period.

All other liabilities are classified as non-current

4.3 Fair value measurement

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

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would utilise 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 minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. This is 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.

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.

BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.4 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Finance costs on borrowings to finance the construction of qualified assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Depreciation is calculated on a straight line method over the estimated useful lives of the asset, as follows:

Category	Years
• Buildings	40 years
• Electrical appliances and air conditioners	10 years
• Vehicles	4 years
• Computers	4 years
• Furniture and fixtures	4-10 years
• Tools	7 – 8 years

Any item of property and equipment and any significant part that was originally recognized is derecognized upon disposal (i.e., on the date the recipient obtains control) or when no future benefits are expected from the use or disposal. Any gain or loss arising on derecognition of an asset (which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

The residual value, useful lives and depreciation methods of property and equipment are reviewed at the end of each financial year, and adjusted prospectively, if appropriate.

Capital work in progress

Capital work in progress at year end includes certain assets that have been acquired but are not ready for their intended use. Capital work-in progress is stated at cost less accumulated impairment, and it is transferred to relevant assets categories and are depreciated once they are available for their intended use.

4.5 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, as well as those held for undetermined future use but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties include investments in real estate properties owned in KSA and are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any.

Investment properties are depreciated on a straight line basis over the estimated useful life of the respective assets. The estimated useful lives of the investment properties are up to 50 years. Land and CWIP are not depreciated.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4.5 Investment properties- continued

Properties are transferred from investment properties to property and equipment when and only when there is a change in use. Classification must be done when there is evidence that a change in use occurs and not merely a change in management's intentions. Such transfers are made at the carrying value of the properties at the date of transfer.

Investment properties' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

Maintenance and normal repairs which do not extend the estimated economic useful life of an asset are charged to the statement of profit or loss when incurred.

4.6 Intangible assets

Intangible assets, other than goodwill, acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite useful lives are amortized over their estimated useful lives as follows;

Category	Years
- Computer software	4 - 6 years

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end to determine whether there is any indication that the intangible assets are impaired.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognised in the statement of profit or loss and OCI in the expense category consistent with the function of the intangible asset. Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the group. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

4.7 Investments in associates and joint ventures

Associates are those entities in 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. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations in determining significant influence and joint control are retaining, directly or indirectly, a percentage of the voting power of the investee, representation on the board of directors or similar governance bodies of the investee, participation in policy-making, including participation in decisions relating to dividends or other distributions, material transactions between the Company and the investor, the exchange of administrative personnel or the provision of basic technical information.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.7 Investments in associates and joint ventures - continued

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method of accounting, the investment in the associate or the joint venture is initially recognised at cost in the statement of financial position and adjusted thereafter to recognise the Company's share in the associate or joint venture's statement of profit or loss and other comprehensive income, less any impairment in the value of the net investment.

When the Group's share of losses in the associate or the joint venture exceeds its interest in the associate or the joint venture, including any long-term interests forms part of the net investment in the associate or the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture. If the associate or the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group's investment in the associate or the joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture.

On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment and is neither depreciated nor individually tested for impairment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the year in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investee ceases to be an associate or a joint venture, or when the investment is classified as held for sale. Any investment retained is recognized at fair value. Any difference between the carrying amount of the associate or joint venture and the fair value of the remaining investment and proceeds from disposal is recognised in the statement of profit or loss.

When the Group reduces its interest in an associate or a joint venture and the Group continues to apply the equity method, the Group must reclassify the gain and loss previously recognized in other comprehensive income and related to that decrease in the statement of profit and loss, if the classification of profit and loss includes derecognition of related assets or liabilities.

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

Unrealised gains or losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. The Group's share of results of an associate and a joint venture is shown on the face of the statement of income after operating profit or loss.

The financial statements of the associate or joint venture are prepared for the same financial period of the Group, and when necessary, adjustments are made to bring the policies in line with those of the Group.

**BANAN REAL ESTATE COMPANY
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023**

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4.8 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.

1. Recognition, classification, and presentation

Financial instruments are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

The Group determines the classification of its financial instruments at initial recognition.

The Group classifies its financial assets in the following categories:

- a) Fair value (either through other comprehensive income, or through profit or loss); and
- b) Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group has classified all the non-derivative financial liabilities at amortised cost.

2. Measurement

Initial measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or, where appropriate, deducted from them (except for financial assets and liabilities at fair value where transaction costs directly attributable to the acquisition of financial assets or liabilities are recognized directly in the statement of profit or loss and other comprehensive income ("OCI")).

Subsequent measurement of financial assets

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

a) Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, other financial assets at amortised cost and amounts due from related parties.

b) Financial assets at FVTPL

The financial assets measured at FVTPL are re-measured to fair value at each financial reporting date without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in future.

The Group has classified its marketable securities and managed funds at FVTPL.

c) Financial assets at FVOCI

Financial assets measured at fair value through other comprehensive income ("FVOCI") are 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.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI is reclassified to profit or loss. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in case of equity instruments.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4.8 Financial instruments - continued

The recognition and presentation of gains and losses for each measurement category are as follows:

Measurement category	Recognition and presentation of gains and losses
Amortized cost	The following items are recognized in profit or loss: • interest revenue using the effective interest method; • expected credit losses and reversals; and • foreign exchange gains and losses. When the financial asset is derecognized, the gain or loss is recognized in profit or loss.
Fair value through other comprehensive income (FVTOCI)	Gains and losses are recognized in OCI, except for the following items, which are recognized in statement of profit or loss in the same manner as for financial assets measured at amortised cost: • interest revenue using the effective interest method; • expected credit losses and loss reversals; and • foreign exchange gains and losses.
Presentation of gains or losses in OCI	Gains and losses are recognized in OCI. Dividends are recognized in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in OCI are not reclassified to profit or loss under any circumstances.
Fair value through profit or loss (FVTPL)	Gains and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.

Subsequent measurement of financial liabilities

a) Amortized cost

Subsequent to initial recognition, financial liabilities are measured at amortised cost calculated under the effective interest method except for the following liabilities:

1. Measured at fair value through profit or loss.
2. That arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach.
3. That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss.
4. That are financial guarantee contracts; and
5. Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Gains or losses on financial liabilities that are measured at fair value recognized in profit or loss. The only exception is for gains and losses on certain financial liabilities designated as FVTPL when the entity is required to present the effects of changes in the liability's credit risk in OCI.

The Group's financial liabilities include borrowings, trade and other payables and amounts due to related parties

b) Financial liabilities at FVTPL

Financial liabilities falling under this category include:

1. Liabilities held for trading; and
2. Those designated at FVTPL.

After initial recognition, the Group measures financial liabilities at fair value with changes recognized in profit or loss.

Gains or losses on a financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that financial liabilities is presented in OCI, and
2. The remaining amount of change in the fair value of the financial liabilities is presented in profit or loss.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.8 Financial instruments - continued

c) Liabilities other than financial liabilities at FVTPL

Financial liabilities are measured at amortised cost using the effective interest rate. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

3. Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

IFRS 9 requires the Entity to apply expected credit loss ("ECL") model in relation to impairment of financial assets. A credit event does not necessarily have to occur in order for a credit loss to be recognized.

Instead, the entity calculates, by using the expected credit loss model, expected credit losses and changes at each reporting date. The ECL is measured and provided for either at an amount equal to (A) 12-month expected credit losses or (B) long-term expected credit losses. If credit risk of financial instrument has not increased significantly since the initial recognition, then a provision equals to 12-months expected credit losses is made. In other cases, a provision must be made for long-term credit losses.

For trade receivables, the Group has applied the simplified approach under IFRS 9 and has calculated under ECLs Model on the lifetime of financial assets. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Except for financial assets at FVTOCI, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

For financial assets that are measured at FVTOCI, the loss allowance is recognized in the statement of other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position. If, in a subsequent year, the amount of the impairment loss on estimated value increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is subsequently reversed, the recovery is credited to finance costs in profit or loss.

Derecognition of financial assets

The financial assets are derecognized from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have been transferred or transferred substantially all risks and rewards of ownership. The difference in the carrying amount is recognized in profit or loss.

Derecognition of financial liabilities

The financial liabilities are derecognized when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires, or legally released.

4. Offsetting of financial instruments

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

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.9 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position consists of bank balances and cash in hand, and bank deposits, which are subject to an insignificant risk of changes in value. Cash and cash equivalents that are subject to bank restrictions and are not available for use are excluded from cash and cash equivalents for the purpose of preparing the cash flow statement.

4.10 Lands for sale

Lands for sale are measured at the lower of cost or net realizable value. The cost is determined on the weighted average cost basis.

The cost of land for sale includes the net purchase value and other direct expenses related to the purchase cost. Net realizable value comprises estimated selling price, less the estimated costs necessary to make the sale.

4.11 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at nominal amounts. These are derecognized and charged in profit or loss and OCI either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

4.12 Employee benefits

a) Defined benefit plans

The Group provides a defined benefits plan to the employees in accordance with the Labor Laws and Workman Laws of the Kingdom of Saudi Arabia, whereby the Group's net benefit obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior period, discounting that amount.

The calculation of defined benefit obligations ("DBO") is performed annually by a qualified actuary using the projected unit credit method, who takes into account the provisions of the Labor Law in the Kingdom of Saudi Arabia and the Group's policy.

The DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows. The net interest cost are calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets.

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. In the absence of such significant market fluctuations and one-off events, 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 interim period, consideration is given to re-measure such liabilities and the related costs.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income ("OCI"). The net interest cost is calculated by applying the discount rate used to measure the net defined benefit liability or asset. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changes or when a plan's term is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

4.12 Employee benefits (continued)

b) Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, including non-monetary benefits, annual leave and sick leave, and air fare in the period in which the related service is rendered, as well as the undiscounted amount of the benefits expected to be paid in exchange for that service on the basis that the related service has been performed. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

c) Post-employment benefits

The Group pays retirement contributions for its national employees to the General Organization for Social Insurance, which is a defined contribution plan, and the payments are expensed as incurred.

4.13 Zakat

The Group is subject to zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat is charged to profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

4.14 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that a use of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. In cases where the Group is able to recover some or all of the provisions, for example, under an insurance contract, the recoveries are recognized as a separate asset only when the recovery process is actually confirmed. The expense related to the provision is recognized in the consolidated statement of comprehensive income after deducting any recoveries.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at the current pre-tax rate that reflects current market assessments of the time value of money and 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 in the profits or losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

4.15 Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements, but are disclosed when it is probable that economic benefits will be acquired. An assessment is made at each reporting date to recognize contingent liabilities, which represent 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.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and such costs are charged to the profit or loss. As for specific loans, all of these costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of underlying asset. All other borrowing costs are expensed in the period in which they occur.

4.17 Revenue

Revenue arising from contracts is recognized and measured in accordance with the requirements of applying IFRS 15), unless those contracts are within the scope of other standards, whereby revenue is recognized at the amount that reflects the amount which an entity expects to be entitled in exchange for providing services to the customer.

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.

IFRS 15 is applied as the Group recognizes revenue from contracts with customers based on the following five steps:

- a) Identify the contract with a customer: A contract is 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
- b) 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
- c) Determining the transaction price: The transaction price is the amount expected from the Group in exchange for transferring goods or services agreed upon with a customer, excluding amount collected on behalf of third parties.
- d) Allocate the transaction price to the performance obligation in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount expected to be collected from goods or services in exchange for satisfying a performance obligation
- e) Recognise revenue when (or as) the entity satisfies a performance obligation.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.17 Revenue (continued)

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a) The customer simultaneously receives and consumes the benefits provided by the Group's performance, 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 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 contractual liability. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue is recognized in profit or loss to the extent that it is expected that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Company's revenues are:

Leasing revenue

Revenue is recognized as per above. Rental income arising from operating leases is recognized on a straight-line basis over the term of the operating lease. Initial direct cost incurred or incentive in negotiating the lease agreement is added and considered as an integral part of the carrying amount of the leased contract and recognized on a straight-line basis over the term of lease agreement.

Revenue from sale of lands and properties

The revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, and substantially risk and legal title have passed to the buyer, assessed when the legal requirements of the sale or unconditional exchange are completed. Revenue is measured at the fair value of the consideration received.

4.18 Foreign currency translation

In principle, foreign currency transactions are converted by the Group at the spot rates of the designated functional currency on the date on which the transaction first becomes eligible for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rates for the functional currency on the date of preparing the financial statements. Differences arising from the settlement or transfer of monetary items are recognized in the consolidated statement of income.

Non-monetary items that are measured at historical cost, stated in a foreign currency, are translated at the prevalent exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated at the prevalent exchange rates at the date when the fair value was determined. Profits or losses resulting from translating non-monetary items that were measured at fair value are treated in accordance with the recognition of profits or losses resulting from the change in the fair value of the item (i.e., the translation differences are recognized on the items for which fair value gains or losses are measured in other comprehensive income or profit or loss item, and is also recognized in other comprehensive income or profit or loss, respectively).

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4.18 foreign currency translation- continued

To determine the spot exchange rate used on initial recognition of the related assets, expenses and revenue (or any part thereof) upon discontinuation of initial recognition of a non-monetary asset or non-monetary liability relating to the advance consideration, the date of the transaction is the date on which the entity originally recognized the non-monetary asset or liability arising from the advance consideration. If there are multiple payments paid or received in advance, the Group determines the date of the transaction on which the consideration was received or paid in advance.

4.19 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the fair value of the asset or cash-generating unit less costs of disposal and value in use, whichever is higher. The recoverable amount of an individual asset is determined separately, unless the asset does not generate cash flows that are largely independent of the cash flows from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the present value, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions are specified, an appropriate valuation form is used. These calculations are recognized by valuation multiples, listed share prices for publicly traded companies or other available fair value indicators.

Impairment losses from continuing operations are recognized in the consolidated statement of comprehensive income in the categories of expenses that correspond to the function of impairment assets, except for any previously revalued properties and the revaluation was added to other comprehensive income. In this case, the fair value decrease is recognized in other comprehensive income until it reaches the amount of a previous revaluation.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If any such indication exists, the group estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed the recoverable amount and does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

4.20 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for 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 or assets, even if that asset (or those assets) is not explicitly specified in an arrangement.

Group as a lessee

Leases related assets and liabilities, if any, that meet the requirements of IFRS 16 are recognised, whereas Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4-20 Leases- continued

The right-of-use assets is depreciated at cost which include the following:

- The amount of the initial measurement of the lease liability,
- Any lease payments made on or before the commencement date, less any lease incentives received,
- Renewal costs, if any.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable.
- Variable lease payments that do not depend on an index or rate, if any.
- Amounts expected to be payable by the lessee under residual value guarantees.
- Exercise price of a purchase option if the lessee is reasonably certain to exercise that option, if any.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, if any.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. There is no impact on the Group for adoption of IFRS 16 as the existing leases of the Group are short-term leases with a lease term of 12 months or less.

Group as a lessor

Rentals payable under operating leases are recognized in the consolidated statement of profit or loss on a straight-line basis over the underlying lease term.

4-21 Expenses

Expenses are recognized when incurred based on the accrual basis of accounting. General and administrative expenses include costs not specifically part of cost of direct revenue. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

4-22 Value Added Tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of value added tax, except:

- where the VAT incurred in connection with 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 purchasing the asset or as part of an expense item, where applicable; and
- receivables and payables that have been included with the VAT amount.

The net amount of VAT that is recoverable from, or payable to, the tax authority is listed as part of accounts receivable or payable in the consolidated statement of financial position.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4-23 Earnings per share

The extraordinary general assembly in its meeting, held on 25 Dhu al-Qa'dah 1444H (corresponding to: 14 June 2023), approved dividing the Company's shares from 20 million ordinary share to 200 million ordinary shares at a nominal value of SR 10 for each to SR 1 for each share, this has not resulted in a change in the value of Company's share capital

Basic and diluted earnings per share are calculated by dividing the net income attributed to the shareholders of the Group for the year ended 31 December 2023 and 2022 by 200 million ordinary shares.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Since the Group does not have any convertible shares, the basic earnings per share is equal to the diluted earnings per share.

4-24 Cash dividends

The Group recognizes a liability to make cash distributions to shareholders when the distribution is authorized. In accordance with the Saudi Arabian Companies' Law, dividends are recognized when approved by the General Assembly and the corresponding amount is recognized directly in equity.

4-25 New 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 2023 (unless otherwise stated).

Amendments to International Accounting Standard "IAS" 8

The amendments aim to improve the accounting policy disclosures and help the users of financial statements to make a distinction between changes in accounting estimates and changes in accounting policies.

Standards issued but not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

These amendments include the sale and leaseback requirements in IFRS 16 to clarify how the Company accounts for sale and leaseback transactions in which some or all lease payments are variable lease payments that depend on an index or a rate that is highly likely to be affected.

Amendments to International Accounting Standards "IAS" 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Amendments to clarify how conditions which the Company must comply within twelve months after the reporting period affect the classification of a liability. These amendments aim to improve the information provided by the Company in relation to the liabilities subject to these conditions.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

These amendments are to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Amendments to IAS 27 - Lack of exchangeability

The following are the new IFRSs for sustainability disclosure, which are effective for annual periods beginning on or after 1 January 2024, and subject to the approval of the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information"

This includes the basic framework for disclosing material information about all of the significant sustainability-related risks and opportunities through the enterprise value chain of an entity.

IFRS S2 Climate-related Disclosures

It is the first objective standard issued that specifies requirements for entities to disclose information about climate-related risks and opportunities.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4.26 Segment reporting

Operating business segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management considers the Group is organized into one operating segment. Accordingly, the presentation of the different segment information is not applicable. Furthermore, the Group operates its activities within the Kingdom of Saudi Arabia.

5- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the existed circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

5.1 Judgements

5.1.1 Determination of control

Determining the Group's control depends on the way decisions about the relevant activities are made and the rights that the Group has in the investees, whereby the Group owns less than 50% of the voting rights of its subsidiary, as with the increase of its ownership interest, during the year 2021, some changes have occurred in the board of directors of the investee, and then the control over the subsidiary has been achieved, therefore, the Company has a presence giving it power to direct relevant activities of the investee, and thus the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. Hence, the Group has consolidated this investee, which meets the above criteria as part of the Group's consolidated financial statements.

5.1.2 Determination of transaction prices

The Group shall determine transaction prices in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

5.1.3 Classification of investment properties

The Group determines whether a property is qualified as investment property under IAS 40 - "Investment Property". In making such judgement, the Group considers whether the property generates cash flows which are largely independent of cash flows from other assets held by the Group.

5.1.4 Operating leases obligations – Group as a lessor

The Group has trade and retail lease contracts for its portfolio of investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS- CONTINUED

5.2 Estimates and assumptions

5.2.1 Employee benefits

The cost of the defined benefit programs and the present value of the obligation is determined using actuarial valuations. The actuarial valuation includes many different assumptions that differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover rate.

As a result of the complexity and long-term nature of the valuation process, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are examined at the reporting date. The most sensitive parameters are the discount rate and future salary increase. When determining the appropriate discount rate, management relies on market yield on high quality corporate bonds. Future salary increases depend on future inflation rates, seniority, promotion, supply and demand in the employment market. The mortality rate is based on publicly available mortality tables for the specific country. The extrapolation of mortality tables may change over time in response to population changes.

5.2.2 Impairment of trade receivables

Expected credit losses

The provision matrix is originally determined on the basis of previously observed default rates. The Company calibrates the matrix to adjust for past credit losses with forward-looking information. An evaluation of the interrelationship between observed past default rates, expected economic conditions and expected credit losses is an important estimation. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

5.2.3 Useful lives of property and equipment and investment properties

The Group determines the estimated useful lives of the property and equipment and investment property for calculating depreciation. This estimate is determined after taking into account the expected period of use of the asset and the natural damage. The management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefits of these assets, and changes in depreciation expense are adjusted in current and future periods, if any.

5.2.4 Impairment of investment properties

At each reporting date, the Group determines whether there is indication that investment properties may be impaired. Investment properties are tested for impairment whenever there are indications that the carrying amount may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

5.2.5 Impairment of non-financial assets

At each reporting date, the Group determines whether there is an indication that an asset may be impaired. Non-financial assets are selected to determine impairment in the event of indications that the carrying amounts cannot be recovered. When value in use calculations are undertaken, the management estimates the future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

5.2.6 Going concern

The management of the Group has assessed its ability to continue on the basis of the going concern and has concluded that it has the resources to continue its activity in 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. Accordingly, the financial statements have been prepared on a going concern basis.

BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023

6- PROPERTY AND EQUIPMENT

	Electrical appliances and air conditioners	Vehicles	Computers	Furniture and fixtures	Tools	Capital work- in-progress	Total
<i>Cost</i>							
At 1 January 2023	1,292,556	337,982	701,567	4,301,065	192,841	338,274	7,164,285
Additions	5,152	103,000	120,485	728,530	-	-	957,167
Transfers	-	-	-	338,274	-	(338,274)	-
Disposals	-	(49,482)	-	-	-	-	(49,482)
At 31 December 2023	1,297,708	391,500	822,052	5,367,869	192,841	-	8,071,970
<i>Accumulated depreciation</i>							
At 1 January 2023	1,143,649	215,815	648,207	3,637,910	185,435	-	5,831,016
Charged during the year	60,226	48,292	22,499	250,438	3,542	-	384,997
Disposals	-	(49,482)	-	-	-	-	(49,482)
At 31 December 2023	1,203,875	214,625	670,706	3,888,348	188,977	-	6,166,531
<i>Net book value</i>							
At 31 December 2023	93,833	176,875	151,346	1,479,521	3,864	-	1,985,439

Depreciation of property and equipment is charged for the year ended 31 December 2023, as follows:

	2023
	SR
Cost of revenue	196,934
General and administrative expenses	188,063
	384,997

BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023

6- PROPERTY AND EQUIPMENT – CONTINUED

	Electrical appliances and air conditioners	Vehicles	Computers	Furniture and fixtures	Tools	Capital work- in-progress	Total
<i>Cost</i>							
At 1 January 2022	1,292,556	229,982	684,542	3,773,933	192,841	553,853	6,727,707
Additions	-	108,000	17,025	13,528	-	298,025	436,578
Transfer	-	-	-	513,604	-	(513,604)	-
At 31 December 2022	1,292,556	337,982	701,567	4,301,065	192,841	338,274	7,164,285
<i>Accumulated depreciation</i>							
At 1 January 2022	1,081,583	184,649	624,150	3,464,464	179,809	-	5,334,747
Charged during the year	62,064	31,166	24,057	173,446	5,536	-	296,269
At 31 December 2022	1,143,649	215,815	648,207	3,637,910	185,435	-	5,831,016
<i>Net book value</i>							
At 31 December 2022	148,907	122,167	53,360	663,155	7,406	338,274	1,333,269

Depreciation of property and equipment is charged for the year ending 31 December 2022, as follows:

	2022
	SR
Cost of revenue	198,784
General and administrative expenses	97,485
	296,269

BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023

7- INVESTMENT PROPERTIES

	31 December 2023			
	SR			
	Lands	Buildings	Capital work- in-progress	Total
<i>Cost:</i>				
At 1 January 2023 (restated, note 37)	341,192,252	276,735,622	3,666,377	621,594,251
Additions during the year	-	-	2,802,168	2,802,168
Disposals during the year	(923,611)	(1,714,202)	-	(2,637,813)
Transfers	-	6,468,545	(6,468,545)	-
At 31 December 2023	340,268,641	281,489,965	-	621,758,606
<i>Accumulated depreciation:</i>				
At 1 January 2023 (restated, note 37)	-	46,849,524	-	46,849,524
Depreciation for the year (note 28)	-	7,109,081	-	7,109,081
Disposals during the year	-	(8,984)	-	(8,984)
At 31 December 2023	-	53,949,621	-	53,949,621
<i>Impairment:</i>				
At 1 January 2023 (restated, note 37)	-	3,911,125	-	3,911,125
Reversal of impairment during the	-	(2,412,366)	-	(2,412,366)
Disposals during the year	-	(126,121)	-	(126,121)
At 31 December 2023	-	1,372,638	-	1,372,638
<i>Net book amount:</i>				
At 31 December 2023	340,268,641	226,167,706	-	566,436,347

BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023

7- INVESTMENT PROPERTY – CONTINUED

	31 December 2022			
	SR			
	Lands	Buildings	Capital work-in-progress	Total
Cost:				
At 1 January 2022 (restated, note 37)	350,785,767	268,915,594	10,606,683	630,308,044
Additions during the year	-	1,308,959	6,469,720	7,778,679
Disposals during the year	(9,593,515)	(6,898,937)	-	(16,492,472)
Transfers	-	13,410,026	(13,410,026)	-
At 31 December 2022	341,192,252	276,735,622	3,666,377	621,594,251
Accumulated depreciations:				
At 1 January 2022 (restated, note 37)	-	42,900,986	-	42,900,986
Depreciation for the year (note 28)	-	6,823,925	-	6,823,925
Disposals during the year	-	(2,875,387)	-	(2,875,387)
At 31 December 2022	-	46,849,524	-	46,849,524
Impairment:				
At 1 January 2022 (restated, note 37)	66,613	4,976,832	-	5,043,445
Reversal of impairment during the year	-	(1,065,707)	-	(1,065,707)
Disposals	(66,613)	-	-	(66,613)
At 31 December 2022	-	3,911,125	-	3,911,125
Net book amount:				
At 31 December 2022	341,192,252	225,974,973	3,666,377	570,833,602

The capital work-in-progress represents the renovations to investment properties, which are being renovated by the Group's management.

Investment properties include properties pledged to certain local banks against the facilities obtained by the Company, and its net carrying value amounted to SR 267 million as at 31 December 2023, and its fair value amounted to SR 405 million as of that date.

Investment properties include properties registered in the name of certain shareholders of the Subsidiary (non-controlling interests), and its net carrying value amounted to SR 1 million as at 31 December 2023, and its fair value amounted to SR 1.6 million as of that date. The ownership is being transferred in the name of the Subsidiary.

The fair value of the investment properties was determined by Itqan Real Estate Company and its partner (Nasser Khaled Al-Takhim, Abdullah Muhammad Al-Ajmi), accredited valuers by the Saudi Authority for Accredited Valuers ("Taqeeem"), holding membership numbers [210001816, and 1210001245, respectively. Itqan Real Estate Company and its partner are independent valuers, not related to the Group, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued.

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7- INVESTMENT PROPERTY - CONTINUED

The fair value of the Group's land and buildings valued amounted to SR 753 million (31 December 2022: SR 661 million)

The fair values are categorized into a hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices that are included within Level 1 and that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below shows the fair value of investment properties disclosed:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
31 December 2023	SR	SR	SR	SR
Investment properties	-	-	753,773,348	753,773,348
31 December 2022	SR	SR	SR	Total SR
Investment properties	-	-	661,435,630	661,435,630

8- INTANGIBLE ASSETS

	<i>Computer software</i>	
	<i>31 December 2023</i>	<i>31 December 2022</i>
	SR	SR
<i>Cost:</i>		
At the beginning of the year	371,483	278,493
Additions during the year	-	92,990
At the end of the year	371,483	371,483
<i>Accumulated amortization:</i>		
At the beginning of the year	278,015	265,613
Amortization of the year	24,000	12,402
At the end of the year	302,015	278,015
<i>Net book amount:</i>		
At 31 December	69,468	93,468

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9- INVESTMENTS IN JOINT VENTURES

	Tahla Mall Project - block 14 (9-1) SR	Al Badiah Building Project (9-2) SR	Total SR
31 December 2022	20,099,685	9,665,327	29,765,012
Share in profit of a joint venture	2,098,170	429,699	2,528,069
31 December 2023	22,198,055	10,095,026	32,293,081

	Tahla Mall Project block 14 (9-1) SR	Al Badiah Building Project (9-2) SR	Total SR
31 December 2021	14,559,904	9,353,015	23,912,919
Additions during the year	5,346,961	-	5,346,961
Share in profit of a joint venture	192,820	312,312	505,132
31 December 2022	20,099,685	9,665,327	29,765,012

9.1 On 1 November 2019, the Group invested in a joint venture with an investor, which is a commercial center constructed in North Maathar District in Riyadh.

9.2 On 21 January 2018, the Group invested in a joint venture with one of the shareholders, which is a residential property project constructed in Al Badiah District in Riyadh.

10- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2023, the Group owns 9.51% investment (31 December 2021: 9.51%) in United Financial House Company, which is a Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 101026112 dated 1 Muharram 1430H (corresponding to 17 January 2009). The principal activities of the Company represent in custody of securities with due cost amounting to SR 5,500,000 which was classified as financial asset at fair value through other comprehensive income. The Group's management has concluded that the amount of this investment can not be recoverable, and accordingly, an impairment on all of the investment was recognized.

	31 December 2023 SR	31 December 2022 SR	1 January 2022 SR
United Financial House Company	5,500,000	5,500,000	5,500,000
Less: Impairment	(5,500,000)	(5,500,000)	(4,785,710)
	-	-	714,290

The movement of the impairment during the year was as follows:

	2023 SR	2022 SR
Balance at the beginning of the year	5,500,000	4,785,710
Impairment during the year	-	714,290
Balance at the end of the year	5,500,000	5,500,000

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11- INVESTMENTS IN AN ASSOCIATE

During 2021, the Subsidiary acquired 15% ownership of Etihad Hiqin Real Estate company (an "associate"), a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010708513 dated 17 Ramadan 1442H (corresponding to 29 April 2021). The associate is engaged in buying and selling lands and real estate and dividing them, off-plan sale activities, management and leasing of owned or leased properties (residential and non-residential), management and leasing of self-storage stores, and the activities of broker agents

The movement in the carrying amount of the investment is as follows:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>	<i>1 January 2022 SR</i>
At the beginning of the year	9,236,783	9,755,803	-
Additions during the year	-	-	9,755,803
Share of results of associate	1,020,667	(219,020)	-
Dividends received during the year	(178,347)	(300,000)	-
At the end of the year	<u>10,079,103</u>	<u>9,236,783</u>	<u>9,755,803</u>

12- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Right-of-use assets		
<i>Cost:</i>		
At the beginning of the year	-	-
Additions during the year	466,745	-
At the end of the year	<u>466,745</u>	<u>-</u>
<i>Accumulated depreciation:</i>		
At the beginning of the year	-	-
Additions during the year (note 29)	106,703	-
At the end of the year	<u>106,703</u>	<u>-</u>
<i>Net carrying amount</i>	<u>360,042</u>	<u>-</u>

Lease Liabilities

Following is the details of movements at lease liabilities.

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
As at 1 January	-	-
Additions during the year	466,745	-
Interest expense during the year (note 31)	30,191	-
Payment during the year	(134,946)	-
As at 31 December 2023	<u>361,990</u>	<u>-</u>
Current portion of lease liabilities	<u>112,275</u>	<u>-</u>
Non-current portion of lease liabilities	<u>249,715</u>	<u>-</u>

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13- FINANCIAL ASSETS AT FVTPL

This represents investments in quoted securities and mutual funds. The movement of the investment during the year is as follows.

	31 December 2023 SR	31 December 2022 SR	1 January 2022 SR
At the beginning of the year	-	22,871,058	13,261,206
Additions during the year	2,169,444	34,022,924	21,599,509
Disposals during the year	-	(56,893,982)	(13,893,291)
Change in fair value	467,487	-	1,903,634
At the end of the year	2,636,931	-	22,871,058

14- TRADE RECEIVABLES, NET

	31 December 2023 SR	31 December 2022 SR	1 January 2022 SR
Trade receivables	4,531,847	4,000,204	2,787,975
Less: Provision for expected credit losses	(850,588)	(707,535)	(479,744)
Trade receivables, net	3,681,259	3,292,669	2,308,231

Movement in expected credit loss allowance during the year is as follows:

	For the year ended 31 December 2023 SR	For the year ended 31 December 2022 SR
Balance at the beginning of the year	707,535	479,744
Allowance during the year	583,052	227,791
Debts written off	(439,999)	-
Balance at the end of the year	850,588	707,535

The aging analysis of trade receivables and provision for expected credit losses is as follows:

	1 - 90 days SR	91-180 days SR	181 - 360 days SR	> 360 days SR	Total SR
31 December 2023					
Gross carrying amount	1,974,604	907,595	819,531	830,117	4,531,847
Expected credit loss	114	1,312	19,045	830,117	850,588
Expected credit loss rate	0%	0.1%	2%	100%	19%
31 December 2022					
Gross carrying amount	1,801,012	1,391,892	2,250	805,050	4,000,204
Expected credit loss	28,464	48,295	-	630,776	707,535
Expected credit loss rate	2%	3%	0%	78%	18%

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15- PREPAYMENTS AND OTHER FINANCIAL ASSETS

	31 December 2023 SR	31 December 2022 SR	1 January 2022 SR
Employees' receivables	525,007	454,182	439,093
Prepayments	249,490	597,416	422,499
VAT receivable	-	-	403,810
Others	758,527	133,734	202,717
	<u>1,533,024</u>	<u>1,185,332</u>	<u>1,468,119</u>

16- LANDS FOR SALE

This item mainly consists of lands for sale in the normal course of business of the Company.

The movement of lands for sale during the year is as follows:

	2023 SR	2022 SR
Balance at beginning of the year	-	-
Additions during the year	19,937,016	-
Disposals during the year	(1,504,799)	-
	<u>18,432,217</u>	<u>-</u>

During the year, the Company sold a part of the lands for sale, as follows:

	2023 SR	2022 SR
Sales	2,171,780	-
Cost of sales	(1,504,799)	-
Realized gain	<u>666,981</u>	<u>-</u>

17- CASH AND CASH EQUIVALENTS

	31 December 2023 SR	31 December 2022 SR	1 January 2022 SR
Cash at banks	8,766,998	3,445,487	14,107,397
Bank deposits	14,584,402	-	-
Cash in hand	-	8,927	8,451
	<u>23,351,400</u>	<u>3,454,414</u>	<u>14,115,848</u>

Short-term deposits represent investment in Mudaraba deposits with original maturity period of three months or less with local banks.

As at 31 December 2023, the Group's short-term deposits amounted to SR 14,500,000 (2022: SR Nil). Finance income for the year ended 31 December 2023 amounted to SR 339,222 (For the year ended 31 December 2022: SR 68,107).

Furthermore, the accrued income from the short-term deposits amounted to SR 84,402 as at 31 December 2023 (2022: SR Nil).

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18- RELATED PARTY TRANSACTIONS AND BALANCES

18.1 Related party transactions

The following transactions were carried out with the related parties during the years ended 31 December:

Related Party	Nature of relationship	Nature of transactions	2023 SR	2022 SR
International Hotels Company	Entity owned by a shareholder of the Group	Leasing revenue Expenses paid on behalf	6,325,000 -	6,325,000 493,796
Salih Suliman Al-Haqbani	Shareholder of the subsidiary	Payments for an additional share in investment in a subsidiary from the shareholder	1,500,000	4,300,000
Al-Haqbani Commercial Group Company	Entity owned by a shareholder of the Group	Purchases Leasing revenue	64,597 2,313,347	1,441,029 1,956,831
Al-Haqbani for Information Technology Company	Entity owned by a shareholder of the Group	Purchases Leasing revenue	225,506 92,000	265,315 123,683
Kemda House Company	Partner of the associate	Leasing revenue	76,475	20,662
Hader Salman Al-Haqbani	Shareholder of the subsidiary	Purchase of investment property	-	1,200,000
Ethhad Hittin Real Estate company	Associate	Management fees	147,467	175,066
Hawa International Company	Shareholder of the subsidiary	Dividends payable	-	212,496
Arabian Company for Fans	Entity owned by a shareholder of the Group	Leasing revenue	1,663,705	1,361,610
AD Company For Mechanical & Electrical Equipment Ltd.	Entity owned by a shareholder of the Group	Leasing revenue	188,023	138,805
Al Budiah Building Project	Joint venture	Collections on behalf Payments on behalf	1,415,230 628,260	1,040,630 -
Tahlia Mall Project – block 14	Joint venture	Collections on behalf Payments on behalf	6,022,808 3,251,141	2,805,494 5,196,559
Banan Arabia trading Co.	Entity owned by a shareholder of the Group	Leasing revenue	61,026	-
Speed Itgan Company	Entity owned by a shareholder of the Group	Leasing revenue	266,915	342,073
Sanad Holding Co.	Entity owned by a shareholder of the Group	Leasing revenue	111,550	-
Era Lighting for trading	Entity owned by a shareholder of the Group	Leasing revenue	66,125	43,125
Sunmit Materials Trading Company	Entity owned by a shareholder of the Group	Leasing revenue	80,498	53,437
Cracker Contracting Company	Entity owned by a shareholder of the Group	Leasing revenue	212,670	220,772

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18- RELATED PARTY TRANSACTIONS AND BALANCES - CONTINUED

18.2 Related party balances

The following are the details of related party balances at the year-end:

Amounts due from related parties

	31 December 2023	31 December 2022	1 January 2022
	SR	SR	SR
Elihad Hittin Real Estate company	<u>148,002</u>	<u>161,633</u>	<u>146,248</u>

Amounts due to related parties

	31 December 2023	31 December 2022	1 January 2022
	SR	SR	SR
Tahlia Mall Project – block 14	3,300,032	820,897	1,823,240
Saleh Suliman Al-Haqbani	3,054,000	4,554,000	8,854,000
Al Badiah Building Project	1,606,310	906,553	475,220
Abdulrahman Suliman Al-Haqbani	700,906	-	-
Hawar International Company	-	613,644	401,148
Al-Haqbani for Information Technology Company	-	51,750	-
	<u>9,661,248</u>	<u>6,946,844</u>	<u>11,553,608</u>

18.3 Key management compensation

	2023	2022
	SR	SR
Short term benefits	2,056,320	1,489,612
Long-term benefits	93,735	85,711
	<u>2,150,055</u>	<u>1,575,323</u>

19- SHARE CAPITAL

The Company's share capital of SR 200 million, as at 30 June 2023, consists of 200 million ordinary share of SR 1 each (31 December 2022: amounting to SR 200 million consists of 20 million ordinary share of SR 10 each).

The extraordinary general assembly in its meeting, held on 25 Dhu al-Qa'dah 1444H (corresponding to: 14 June 2023), approved dividing the Company's shares from 20 million ordinary share to 200 million ordinary shares at a nominal value of SR 10 for each to SR 1 for each share. this has not resulted in a change in the value of Company's share capital.

20- STATUTORY RESERVE

In accordance with the provisions of the old Company's By-laws, 10% of the net income for the year must be transferred to create the statutory reserve for the Company, the ordinary general assembly may decide to discontinue such a provision whenever this reserve equals 30% of paid capital. This reserve is not available for distribution. The Company has amended the articles of association during the year 2023, and the statutory reserve paragraph was deleted from the new articles of association. The Company has not made a decision regarding this reserve.

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21- OTHER RESERVES

	31 December 2023 SR	31 December 2022 SR	1 January 2022 SR
Consensual reserve	40,000,000	40,000,000	40,000,000
Remeasurement of employee benefit obligations	(378,972)	(514,245)	(586,138)
	<u>39,621,028</u>	<u>39,485,755</u>	<u>39,413,762</u>

The extraordinary general assembly decided on 28 December 2020 to approve the recommendation of the Company's board of directors in its meeting dated 24 December 2020 for creating a consensual reserve and is being funded through a receivable balance from the shareholders by SR 40 million. In accordance with the Company's By-Laws, the ordinary general assembly, based on the Board of Directors' recommendation, 5% of net profits shall be provided to create a consensual reserve for a certain purpose or others.

22- NON-CONTROLLING INTERESTS

Summarized financial information of the Group's subsidiary that has non-controlling interests is set out below:

	31 December 2023 SR	31 December 2022 SR (Restated note 37)	1 January 2022 SR (Restated note 37)
Non-current assets	322,782,576	322,864,648	320,509,775
Current assets	12,206,261	5,645,338	15,928,777
Non-current liabilities	9,844,075	25,607,763	37,784,769
Current liabilities	17,651,107	11,604,413	19,314,969
Equity attributable to shareholders of the parent company	141,561,184	134,118,171	128,285,527
Non-controlling interests	165,902,471	157,179,639	151,053,287
Revenue	38,376,564	34,833,854	28,741,642
Net profit for the year	28,038,378	23,270,538	27,862,534
Net profit for the year attributable to:			
Shareholders of the Company	12,909,318	10,714,129	11,841,577
Non-controlling interests	15,129,060	12,556,410	16,020,957
Total comprehensive income attributable to:			
Shareholders of the Company	12,968,006	10,752,480	11,896,605
Non-controlling interests	15,197,840	12,601,356	16,081,876

The movement in non-controlling interests is as follows:

	31 December 2023 SR	31 December 2022 SR (Restated note 37)
Balance of non-controlling interests at the beginning of the period	157,179,639	151,053,287
Share of total comprehensive income	15,197,840	12,601,356
Dividends to non-controlling interests	(6,475,008)	(6,475,004)
	<u>165,902,471</u>	<u>157,179,639</u>

During the year ended 31 December 2023, the subsidiary distributed dividends to shareholders amounting to SR 12,000,000 million, the non-controlling interests share amounted to SR 6,475,008 and the shareholders's share amounted to SR 5,524,992.

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23- LOANS

The movement in loans is as follows:

	31 December 2023 SR	31 December 2022 SR	1 January 2022 SR
Short-term loans			
At the beginning of the year	5,000,000	16,013,438	-
Proceeds from loans	10,000,000	8,000,000	21,513,438
Repayment of loans	(15,000,000)	(19,013,438)	(5,500,000)
At the end of the year	-	5,000,000	16,013,438
Long-term loans			
At the beginning of the year	78,022,372	122,672,817	-
Proceeds from loans	51,275,000	13,570,000	122,672,817
Repayment of loans	(45,454,177)	(58,220,445)	-
At the end of the year	83,843,195	78,022,372	122,672,817
Long term loans - current portion	28,731,496	13,036,754	15,072,357
Long term loans - non-current portion	55,111,699	64,985,618	104,600,460

The Group has obtained Shariah compliant loan facilities from a number of local banks, and the facilities bear a commission based on Saudi Inter Bank Offer Rate ("SIBOR") plus an agreed markup.

These loans are secured by promissory notes from the Group and properties mortgaged to local banks against the facilities obtained by the Company.

Finance charges for the period amounted to SR 6,167,980 which have been recognised in statement of profit or loss for the period ended 31 December 2023 (2022: SR 4,696,864). (note 31).

24- EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2023 SR	31 December 2022 SR	1 January 2022 SR
Balance at the beginning of the year	1,402,971	1,246,811	1,257,848
Current service cost	259,588	241,751	144,585
Interest expense	57,101	39,223	37,073
Employee benefit expense recognized in profit or loss	316,689	280,974	181,658
Benefits paid	(86,315)	(7,875)	(228,493)
Actuarial gain included in other comprehensive income	(104,052)	(116,939)	35,798
Balance at the end of the year	1,429,293	1,402,971	1,246,811

24- EMPLOYEE BENEFIT OBLIGATIONS- (CONTINUED)

Assumptions used and risks

The principal assumptions used in determining employee benefit obligations are shown below:

	<u>2023</u> <u>SR</u>	<u>2022</u> <u>SR</u>
Discount rate	4.5 - 4.94%	4.07 - 4.15%
Expected rate of salary increase	2%	2-2.5%
Assumed retirement age	60	60

The employee benefit obligations typically expose the Group to actuarial risks such as interest risk, longevity risk and salary risk as follows:

a) Interest risk

The discount rate used to calculate the present value of the employee benefit obligations is estimated by reference to yields on the governmental bonds. A decrease in the bond interest rate will increase the employee benefit obligations.

b) Longevity risk

The present value of the employee benefit obligations is calculated by reference to the best estimate of the number of years of employment. An increase in the number of the remaining years of employment will increase the employee benefit obligations.

c) Salary risk

The employee benefit obligations is calculated by reference to the best estimate of future salaries of employees. An increase in the salary of employees will increase the employee benefit obligations.

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions on the employee benefit obligations as at 31 December 2023 and 2022 is shown below:

	<u>2023</u> <u>SR</u>	<u>2022</u> <u>SR</u>
Discount Rate:		
Increase by 1%	1,200,297	1,215,338
Decrease by 1%	1,709,173	1,628,955
Increments:		
Increase by 1%	1,703,002	1,624,190
Decrease by 1%	1,201,491	1,213,318

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the employee benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employee's benefits obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the employee's benefits obligation recognised in the statement of financial position.

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25- TRADE AND OTHER ACCOUNTS PAYABLE

	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>1 January 2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Lease liabilities	16,460,518	12,766,120	13,854,127
VAT payable	1,122,561	776,534	626,227
Remuneration payable	777,000	-	234,000
Trade payables	710,037	713,376	-
Security deposits	629,236	756,112	607,871
Others	841,346	542,709	960,655
	<u>20,540,698</u>	<u>15,554,851</u>	<u>16,282,880</u>

The movement in lease liabilities during the year is as follows:

	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Lease liabilities at the beginning of the year	12,766,120	13,854,127
Collections during the year	64,693,271	54,193,935
Revenue recognized during the year	(60,998,873)	(55,281,942)
Lease liabilities at the end of the year	<u>16,460,518</u>	<u>12,766,120</u>

26- ZAKAT

26.1 Zakat charge

The zakat charged consists of the following:

	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Current year provision	1,181,469	1,144,773
Adjustments	-	764,615
	<u>1,181,469</u>	<u>1,909,388</u>

The provision for the year is based on zakat base of the Company and individual zakat base of the subsidiary.

26.2 Zakat provision

The movement in the zakat provision is as follows:

	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the year	1,149,061	1,511,586
Provided during the year	1,181,469	1,144,773
Adjustments	-	764,615
Payment during the year	(1,144,773)	(2,272,213)
Balance at the end of the year	<u>1,185,757</u>	<u>1,149,061</u>

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26- ZAKAT -CONTINUED

26.3 Status of assessments

A) The Company – Banan Real Estate Company

The Company has filed its zakat returns for all years up to 31 December 2022. The final assessments from 2015 up to 2017 have been raised by ZATCA resulting in additional zakat assessment amounting to SR 1,953,924, the Company has filed an appeal with GSTC against certain amounts of these assessments of SR 1,164,343, and the undisputed amounts were settled. during 2022, the GSTC's resolution was received and resulted in zakat assessment amounting to SR 217,981 which was charged and settled during the 2022 year.

B) The Subsidiary - Al-Aziza Real Estate Development and Investment Company

The entity has filed its zakat returns for all years up to 31 December 2022. The final assessments up to 2020 have been raised by ZATCA resulting in additional assessment amounting to SR 546,634 which was charged during the year ended 31 December 2022.

27- REVENUE

	2023	2022
	SR	SR
<i>Type of service</i>		
Leasing revenue	60,998,873	55,129,711
Revenue on sale of investment properties and lands	4,971,700	4,165,000
	65,970,573	59,294,711
<i>Timing of revenue recognition</i>		
Over time	60,998,873	55,129,711
At a point in time	4,971,700	4,165,000
	65,970,573	59,294,711
<i>Type of customers</i>		
Private sector	56,008,021	50,072,103
Related parties	9,962,552	9,222,608
	65,970,573	59,294,711
<i>Geographical region</i>		
Kingdom of Saudi Arabia	65,970,573	59,294,711

28- COST OF REVENUE

		2023	2022
		SR	SR
			<i>(Restated note 37)</i>
Depreciation of investment properties	7	7,109,081	6,823,925
Cost of sold properties and lands		4,007,506	2,892,474
Maintenance and materials		932,833	858,014
Electricity and water		494,632	391,840
Depreciation of property and equipment	6	196,934	198,784
Others		488,119	185,211
		13,229,105	11,350,248

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023**

29- GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Note</i>	2023 SR	2022 SR
Salaries, wages and related costs		4,581,295	3,585,901
Professional and consultancy fees		1,415,459	578,135
Board of directors and committees remuneration		921,000	462,000
Governmental fees		749,244	471,836
Provision for expected credit losses	14	583,052	227,791
Depreciation of property and equipment	6	188,063	97,485
Stationaries and printings		124,275	126,483
Depreciation of right-of-use assets	12	186,703	-
Vehicle expenses		58,150	69,035
Electricity and telephone		38,232	148,311
Amortisation of intangible assets	8	24,000	12,402
General maintenance		-	25,000
Others		352,630	497,030
		9,142,183	6,301,409

30- OTHER INCOME, NET

	2023 SR	2022 SR
Management and services	710,975	736,335
Interest revenue and bank deposits	339,222	68,107
Pursuit costs	15,072	106,970
Net losses on disposal of investment properties	-	(658,002)
Others	238,530	-
	1,303,799	253,410

31- FINANCE COSTS

	<i>Note</i>	2023 SR	2022 SR
Finance costs on loans	23	6,167,988	4,696,864
Interest charge on employees benefit obligation	25	57,101	39,223
Finance costs on lease liabilities	12	30,191	-
		6,255,280	4,736,087

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023**

32- EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The extraordinary general assembly in its meeting, held on 25 Dhu al-Qa'dah 1444[1] (corresponding to: 14 June 2023), approved dividing the Company's shares from 20 million ordinary share to 200 million ordinary shares at a nominal value of SR 10 for each to SR 1 for each share, this has not resulted in a change in the value of Company's share capital.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2023	2022
Net profit for the year attributable to shareholders of the Group	28,765,944	28,215,495
Weighted average number of ordinary shares (share)	200,000,000	200,000,000
Basic earnings per share (in Saudi Riyals as per share)	0.14	0.14

There is no convertible liability into equity instruments, so the diluted earnings per share is not different from the basic earnings per share.

33- FINANCIAL INSTRUMENTS

33.1 Fair value measurement of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction as at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is considered to be listed in an active market if the quoted prices are readily and regularly available from a foreign exchange dealer, broker, industry group, pricing service or regulatory body and those prices represent actual and regular market transactions carried out on an arm's length basis. When measuring the fair value, the Group uses observable market data where possible. The fair values are categorized into a hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices that are included within Level 1 and that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized as a whole within the same level input hierarchy as the lowest level input is significant to the measurement as a whole.

The Company recognizes the transfers have occurred between levels in the hierarchy at the end of the reporting period in which the change occurred. During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

Since the financial instruments of the Group are aggregated based on the historical cost convention, except for investments, derivative instruments, and those charged at fair value, differences may result between the carrying values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023**

33- FINANCIAL INSTRUMENTS - CONTINUED

33-1 Fair value measurement of financial instruments- continued

The following table shows the carrying value and fair value of financial assets and liabilities including their levels in the fair value hierarchy. This does not include fair value information of financial assets and financial liabilities that are not measured at fair value if the carrying value is a reasonable approximation of the fair value.

31 December 2023		
	SR	
	Fair value through profit or loss	Amortized cost
		Total
Financial assets		
Financial assets at fair value through profit or loss	2,636,931	-
Trade receivables, net	-	3,681,259
Prepayments and other financial assets	-	1,283,534
Cash and cash equivalents	-	23,351,400
Amounts due from related parties	-	148,002
	<u>2,636,931</u>	<u>28,464,195</u>
		<u>31,101,126</u>

	Fair value through profit or loss	Amortized cost
		Total
Financial liabilities		
Loans	-	83,843,196
Amounts due to related parties	-	8,661,248
Trade and other accounts payable	-	4,080,181
	<u>-</u>	<u>96,584,625</u>
		<u>96,584,625</u>

31 December 2022		
	SR	
	(Restated Note 37)	
	Fair value through profit or loss	Amortized cost
		Total
Financial assets		
Trade receivables, net	-	3,292,669
Prepayments and other financial assets	-	587,916
Cash and cash equivalents	-	3,454,414
Amounts due from related parties	-	161,633
	<u>-</u>	<u>7,496,632</u>
		<u>7,496,632</u>

	Fair value through profit or loss	Amortized cost
		Total
Financial liabilities		
Loans	-	83,022,372
Amounts due to related parties	-	6,946,844
Trade and other accounts payable	-	2,788,730
	<u>-</u>	<u>92,757,946</u>
		<u>92,757,946</u>

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023**

33- FINANCIAL INSTRUMENTS - CONTINUED

33-2 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.

Credit risk is managed by obligating tenants to pay the advance rent. Credit quality of a tenant is assessed when the contract is entered into, and outstanding tenant receivables are regularly monitored. The maximum exposure to credit risk applicable to the Group is the carrying value as at the reporting date as follows:

	2023 SR	2022 SR
Cash and cash equivalents	23,351,400	3,454,414
Trade receivables, net	3,681,259	3,292,669
	<u>27,032,659</u>	<u>6,747,083</u>

33.3 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 it periodically to ensure that sufficient funds are available through available bank facilities to meet any future commitments.

The following are the contractual maturities of the financial liabilities at the fiscal year end. Amounts are shown in total and not discounted and do include estimated repayments of interest excluding the effect of netting agreements, if any.

	31 December 2023 SR		
	Total	On demand or less than one year	More than 1 year
Financial liabilities			
Loans	83,843,196	28,731,495	55,111,701
Lease liabilities	361,990	112,275	249,715
Amounts due to related parties	8,661,248	8,661,248	-
Trade and other accounts payable	20,540,699	20,540,699	-
	<u>113,407,133</u>	<u>58,045,717</u>	<u>55,361,416</u>
	31 December 2022 SR (Restated Note 37)		
	Total	On demand or less than one year	More than 1 year
Financial liabilities			
Loans	83,022,372	18,036,754	64,985,618
Amounts due to related parties	6,946,844	6,946,844	-
Trade and other accounts payable	13,354,851	15,554,851	-
	<u>105,524,067</u>	<u>40,538,449</u>	<u>64,985,618</u>

33- FINANCIAL INSTRUMENTS - CONTINUED

33.4 Market risks

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.

33.5 Interest rates risk

Interest rate risk is the exposure to risks associated with the effect of fluctuations in the prevailing (commission) interest rates on the Group's financial position and cash flows. The Group's (commission) interest rate risk arises primarily from the loans and bank facilities, that are at interest rates that may be unidentified and are determined by the SIBOR rate plus a profit margin, and these changes in interest rates are monitored by the management on an ongoing basis.

33.6 Currency risk

It is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currencies other than the Group's currency. The Group is not exposed to significant foreign currency risks as all transactions are carried out in Saudi Riyals.

34- DIVIDENDS

The Group's Board of Directors recommended, during its meeting held on 23 Muharram 1445H (corresponding to 10 August 2023), to distribute cash dividends of SR 0.2 per share totaling to SR 4 million for the second half of the year 2023 (2022: total cash dividends of SR 12 million).

35- PROPOSED DIVIDENDS

The Group's Board of Directors recommended to distribute cash dividends for the first half of the year 2023, in its meeting held on 13 Jumada Al-Thani 1445H (corresponding to 26 December 2023), of SR 0.2 per share totaling to SR 4 million, and are payable on 31 January 2024.

36- EVENTS AFTER THE REPORTING DATE

The Group's Board of Directors has approved the transition of the Group from the parallel equity market (Noma) to the principal market on 16 Dhu'l Hijjah 1444H (corresponding to 4 July 2023). However, this transition is subject to the approval of the Capital Market Authority of Saudi Arabia (the "CMA"). As of the date of approval of these consolidated financial statements, the CMA's approval has not been yet received.

In the opinion of management, other than above, there have been no significant subsequent events since the year ended 31 December 2023, which would have a material impact on the consolidated statement of financial position of the Group as reflected in these consolidated financial statements.

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AT 31 DECEMBER 2023**

37- RESTATEMENT

During the year ended 31 December 2023, the Group has acquired and obtained control over the Subsidiary. When preparing the consolidated financial statements for the first-time, an error occurred while calculating the difference between the fair value model for investment properties adopted at the Subsidiary and the cost model adopted in the Parent Company, which resulted in an error in calculations of the provision for impairment and depreciation of investment properties in 2022. Accordingly, the Group's management has restated the comparative financial information to reflect the effect on investment properties and related retained earnings, which are summarized below.

	As previously reported SR	Restatement SR	Restated SR
Consolidated statement of financial position			
<u>As at 31 December 2022</u>			
Investment properties	567,804,626	3,028,976	570,833,602
Retained earnings	105,557,626	1,394,589	106,952,215
Non-controlling interests	155,545,252	1,634,387	157,179,639
	As previously reported SR	Restatement SR	Restated SR
Consolidated statement of financial position			
<u>As at 1 January 2022</u>			
Investment properties	583,033,107	(669,490)	582,363,617
Retained earnings	94,400,520	(308,244)	94,092,276
Non-controlling interests	151,414,533	(361,246)	151,053,287
	As previously reported SR	Restatement SR	Restated SR
Consolidated statement of profit or loss and comprehensive income			
<u>For the year ended 31 December 2022</u>			
Cost of revenue	(11,324,391)	(25,657)	(11,350,048)
(Losses)/reversal of impairment of investment properties	(2,658,416)	3,724,123	1,065,707
Net income for the year	37,073,439	3,698,466	40,771,905
Basic and diluted earnings per share attributable to ordinary shareholders of the Parent	0.13	0.01	0.14

38- APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These accompanying consolidated financial statements were approved by the Board of Directors on 10 Sha'aban 1445H (corresponding to 20 February 2024).

6-3 The reviewed consolidated financial statements for the six months period ending on 30/06/2024G

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Banan Real Estate Company (the "Company") and its subsidiary, collectively referred to as the ("Group") as at 30 June 2024, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and material accounting policy and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34") that is 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.

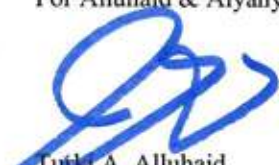
Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of the interim consolidated financial information 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 ("ISAs") 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, that is endorsed in the Kingdom of Saudi Arabia.

For Alluhaid & Alyahya Chartered Accountants



Turki A. Alluhaid
Certified Public Accountant
License No. (438)



Riyadh: 3 Safar 1446H
(7 August 2024)

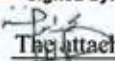
**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Notes	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Investments properties	8	562,194,678	566,474,107
Property and equipment	9	1,591,252	1,905,439
Intangible assets		57,542	69,468
Investments in joint ventures	10	33,556,576	32,255,321
Investments in an associate	11	10,267,275	10,079,103
Right-of-use assets		301,579	360,042
TOTAL NON-CURRENT ASSETS		607,968,902	611,143,480
CURRENT ASSETS			
Trade receivables, net	12	3,538,818	3,681,259
Lands for sale		-	18,432,217
Amounts due from related parties	14	148,549	148,002
Prepayments and other financial assets		1,774,349	1,533,024
Financial assets at FVTPL	13	8,959,470	2,636,931
Cash and cash equivalents		26,867,783	23,351,400
TOTAL CURRENT ASSETS		41,288,969	49,782,833
TOTAL ASSETS		649,257,871	660,926,313
EQUITY AND LIABILITIES			
EQUITY			
Share capital		200,000,000	200,000,000
Statutory reserve		7,662,474	7,662,474
Other reserves	19	39,454,027	39,621,028
Retained earnings		147,772,701	131,718,159
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		394,889,202	379,001,661
Non-controlling interests		165,579,458	165,902,471
TOTAL EQUITY		560,468,660	544,904,132
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term loans	15	44,672,330	55,111,699
Employee benefit obligations		1,634,673	1,429,293
Lease liabilities – non-current portion		190,910	249,715
TOTAL NON-CURRENT LIABILITIES		46,497,913	56,790,707
CURRENT LIABILITIES			
Long term loans – current portion	15	12,933,372	28,731,496
Lease liabilities - current portion		116,313	112,275
Amounts due to related parties	14	7,227,072	8,661,248
Trade and other payable	16	21,464,139	20,540,698
Zakat payable	17	550,402	1,185,757
TOTAL CURRENT LIABILITIES		42,291,298	59,231,474
TOTAL LIABILITIES		88,789,211	116,022,181
TOTAL EQUITY AND LIABILITIES		649,257,871	660,926,313

Chief Finance Officer

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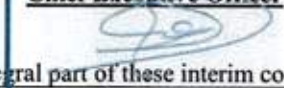


The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

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Chief Executive Officer



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Chairman of the Board

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**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2024	2023	2024	2023
		SR (Unaudited)	SR (Unaudited)	SR (Unaudited)	SR (Unaudited)
Revenues	18	20,227,862	17,525,901	59,523,712	32,414,736
Cost of revenue		(4,929,082)	(4,455,372)	(23,265,658)	(6,623,405)
GROSS PROFIT		15,298,780	13,070,529	36,258,054	25,791,331
General and administrative expenses		(2,421,260)	(1,453,110)	(4,247,269)	(3,569,996)
PROFIT FROM MAIN OPERATIONS		12,877,520	11,617,419	32,010,785	22,221,335
Share in profit of joint ventures	10	580,502	401,108	1,301,255	1,034,031
Share of profit of an associate	11	48,051	81,109	188,172	206,975
Realised gain from disposal of financial assets at FVTPL		4,116	-	4,116	-
Changes in fair value of financial assets at fair value through profit or loss	13	(311,040)	(1,707,330)	(101,819)	(2,960,901)
Finance costs		(1,210,130)	259,093	(2,533,256)	303,101
Other income, net		464,039	(819,931)	1,008,071	(483,534)
Provision for expected credit loss	12	(1,155,796)	1,466,093	(2,595,439)	1,466,093
Impairment (reversal of impairment) on investment properties	8	(2,532,460)	11,297,561	(2,532,460)	21,787,100
INCOME BEFORE ZAKAT		8,764,802	99,077	26,749,425	(201,082)
Zakat	17	(236,290)	11,396,638	(546,114)	21,586,018
NET INCOME FOR THE PERIOD		8,528,512	11,396,638	26,203,311	21,586,018
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the Parent		6,417,465	7,136,303	20,054,542	13,810,292
Non-controlling interests		2,111,047	4,260,335	6,148,769	7,775,726
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss in subsequent periods:					
Remeasurement of employee benefit obligations		22,514	(34,333)	(51,796)	172,663
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		8,551,026	11,362,305	26,151,515	21,758,681
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the Parent		6,415,843	7,132,198	19,999,520	13,967,832
Non-controlling interests		2,135,183	4,230,107	6,151,995	7,790,849
EARNINGS PER SHARE FROM NET INCOME ATTRIBUTABLE TO SHAREHOLDERS (SR)		8,551,026	11,362,305	26,151,515	21,758,681
Basic and diluted earnings per share		0.03	0.04	0.10	0.07

Chief Finance Officer

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Chairman of the Board

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

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**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

	Share capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total shareholders' equity SR	Non-controlling interests SR	Total SR
Balance as at 1 January 2023 (audited)	200,000,000	7,662,474	39,485,755	106,952,215	354,100,444	157,179,639	511,280,083
Comprehensive income:							
Net income for the period	-	-	-	13,810,292	13,810,292	7,775,726	21,586,018
Other comprehensive income for the period	-	-	157,540	-	157,540	15,123	172,663
Total comprehensive income for the period	-	-	157,540	13,810,292	13,967,832	7,790,849	21,758,681
Dividends (note 20)	-	-	-	-	-	(3,237,505)	(3,237,505)
Balance as at 30 June 2023 (unaudited)	200,000,000	7,662,474	39,643,295	120,762,507	368,068,276	161,732,983	529,801,259
Balance as at 1 January 2024 (audited)	200,000,000	7,662,474	39,621,028	131,718,159	379,001,661	165,902,471	544,904,132
Comprehensive income:							
Net income for the period	-	-	-	20,054,542	20,054,542	6,148,769	26,203,311
Other comprehensive loss for the period	-	-	(55,022)	-	(55,022)	3,226	(51,796)
Total comprehensive income for the period	-	-	(55,022)	20,054,542	19,999,520	6,151,995	26,151,515
Treasury shares acquired (note 19)	-	-	(111,979)	-	(111,979)	-	(111,979)
Dividends (note 20)	-	-	-	(4,000,000)	(4,000,000)	(6,475,008)	(10,475,008)
Balance as at 30 June 2024 (unaudited)	200,000,000	7,662,474	39,454,027	147,772,701	394,889,202	165,579,458	560,468,660

Chief Finance Officer

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Chief Executive Officer

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Chairman of the Board

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The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six-month period ended 30 June	
		2024	2023
	Notes	SR	SR
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before zakat		26,749,425	21,787,100
Adjustments to reconcile income before zakat to net cash flows:			
Depreciation of investment properties	8	3,540,470	3,258,972
Depreciation of property and equipment	9	249,497	157,945
Amortisation of intangible assets		11,926	5,250
Impairment / (reversal of impairment) on investment properties	8	2,532,460	(1,466,093)
Gains on disposal of investment properties		-	(297,293)
Losses on disposal of property and equipment		69,560	-
Depreciation of right-of-use-assets		58,463	94,588
Share of profit of joint ventures	10	(1,301,255)	(1,034,031)
Share of profit of an associate	11	(188,172)	(206,975)
Changes in fair value of financial assets at fair value through profit or loss	13	101,819	-
Gain on sale of financial assets at fair value through profit or loss		(4,116)	-
Provision for expected credit losses	12	2,595,439	483,534
Provision for employee benefit obligations		132,390	309,927
Finance costs on employees' benefit obligations		33,194	35,636
Finance costs on loans		2,487,354	2,899,166
Finance costs on lease liabilities		12,706	26,099
		37,081,160	26,053,825
Changes in operating assets and liabilities:			
Trade receivables, net		(2,452,998)	(1,112,070)
Lands for sale		18,432,217	-
Prepayments and other financial assets		(241,325)	(144,300)
Trade and other payable		(2,314,063)	4,264,826
Amounts due from related parties		(547)	(1,526,915)
Amounts due to related parties		(1,501,649)	(517,580)
CASH FROM OPERATING ACTIVITIES		49,002,795	27,017,786
Zakat paid	17	(1,181,469)	(1,144,773)
Employee benefit obligations paid		(12,000)	(11,000)
Net cash from operating activities		47,809,326	25,862,013
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	9	(4,870)	(701,874)
Purchase of investment properties	8	(1,793,501)	(1,771,856)
Proceeds from disposal of investment properties		-	2,800,000
Additions to financial assets at FVTPL		(7,977,261)	-
Proceeds from sale of financial assets at FVTPL		1,557,019	-
Dividends received from investments in an associate		-	374,999
Net cash (used in)/generated from investing activities		(8,218,613)	701,269
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	15	19,333,333	36,201,200
Repayments of borrowings	15	(48,058,180)	(52,078,623)
Treasury shares acquired	19	(111,979)	-
Dividends paid to shareholders	20	(7,237,504)	(3,237,505)
Net cash used in financing activities		(36,074,330)	(19,114,928)
Net increase in cash and cash equivalents		3,516,383	7,448,354
Cash and cash equivalent at the beginning of the period		23,351,400	3,454,414
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		26,867,783	10,902,768
NON-CASH TRANSACTIONS			
Dividends payable to shareholders	20	3,237,504	-
Repayments of lease liabilities and amounts due to related parties		67,473	-
Remeasurement of employee benefit obligations		51,796	172,663
Additions on right of use assets and lease liabilities		-	915,186

Chief Finance Officer
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Chief Executive Officer**
Chairman of the Board
Signed by:

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

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BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

1- GENERAL INFORMATION

Banan Real Estate Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010207597 dated 24 Safar 1426H (corresponding to 4 April 2005).

The Company is engaged in leasing of owned or leased properties (residential and non-residential), managing and operating hotel apartments, managing real estate for a commission and providing real estate registration services.

The registered address of the Company is at North Maathar District, Muhammed bin Abdul Aziz Street - block 14 - Building No. 2195, Sub Number 7464.

The accompanying interim condensed consolidated financial statements incorporate the financial statements of Banan Real Estate Company (the "Company" or the "Parent") and its subsidiary (Al-Aziza Real Estate Development and Investment Company), collectively referred to as the ("Group").

On 23 December 2021, The Company has increased its ownership interest in Al-Aziza Real Estate Development and Investment Company from 42.5% to 46.042%. This resulted in some changes in the board of directors of the investee, and then the significant control over Al-Aziza Real Estate Development and Investment Company has been achieved by the Company. Therefore, the Company has a presence giving it power to direct relevant activities of the investee.

The following is the subsidiary of the Company:

<u>Name of the Company</u>	<u>Percentage of ownership</u>	
	30 June 2024	31 December 2023
Al-Aziza Real Estate Development and Investment Company	46,042%	46,042%

Al-Aziza Real Estate Development and Investment Company (the "Subsidiary") is a Saudi closed joint stock company operating under commercial registration numbered 1010288389 dated 5 Jumada Al-Thani 1431H (corresponding to 19 May 2010).

The Subsidiary is engaged in general constructions of residential buildings, and general constructions of non-residential buildings such as schools, hospitals and hotels. The Subsidiary operates through the following branch:

<u>Branch Name</u>	<u>CR Number</u>	<u>Place of issue</u>
Branch of Al-Aziza Real Estate Development and Investment Company	1010630719	Riyadh

The impact of this acquisition has been presented in the consolidated financial statements for the financial year ended 31 December 2021.

2- BASIS OF PREPARATION

These interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

These interim condensed consolidated financial statements do not include all the information and disclosures required in the consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA.

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of the Group.

The Group's management has prepared these interim condensed consolidated financial statements on the basis that the Group will continue to operate as a going concern. The Group's management considers that there are no material uncertainties that may cast doubt significant doubt over this assumption. The management has formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

3- BASIS FOR CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Company and its Subsidiary as at 30 June 2024. 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:

- Control over the investee company (that is, the existence of existing rights to give the company the current ability to direct the activities related to the investee company).
- 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.

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

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4- SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATED AND ASSUMPTIONS

The significant accounting policies, judgments, estimates and assumptions adopted by management in the preparation of the interim condensed consolidated financial statements as at 30 June 2024 were the same as those described in the Group's annual consolidated financial statements as at 31 December 2023.

5- ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards and interpretations effective in the current period

In the current period, the Group has adopted all amendments to standards issued by the International Accounting Standards Board ("IASB") that are mandatory for adoption in the annual periods beginning on or after 1 January 2024 and are applicable to the Group.

IAS 1	Amendments	- Applicable annual periods beginning on or after 1 January 2024. The amendments in Non-current Liabilities with Covenants (Amendments to IAS 1) modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.
IFRS 16	Amendments	- Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions applicable annual periods beginning on or after 1 January 2024.
IAS 7 and IFRS 7	Amendments	- Amendments to add disclosure requirements, and 'signposts' within existing disclosure requirements, to provide qualitative and quantitative information about supplier finance arrangements applicable annual periods beginning on or after 1 January 2024.

The application of these amendments to standards has not generally resulted in any significant changes to the Group's accounting policies and disclosures in the interim condensed consolidated financial statements.

Standards, amendments and interpretations in issue but not yet effective

The following standards, amendments and interpretations were in issue at the date of authorisation of these consolidated financial statements, but not yet effective, and therefore were not applied in these interim condensed consolidated financial statements.

The impact of the adoption of these standards is currently being assessed; however, the management anticipates that the adoption of these standards, amendments and interpretations in future periods will not have a significant impact on the interim condensed consolidated financial statements of the Group.

IFRS 10 and IAS 28	Amendments	- Amendments related to the sale or contribution of assets between an investor and its associate or joint venture. The effective date is deferred indefinitely.
IAS 21	Amendments	- Amendment to assess whether a currency is exchangeable and the determination of spot exchange rate when exchangeability is lacking. Applicable annual periods beginning on or after 1 January 2025.
IFRS 18	New Standard	- New presentation requirements in the statement of profit or loss, including specified-total and the sub-total. The standard also requires a disclosure of Management-defined performance measures and includes new requirements for the aggregation and disaggregation of financial information based on the "roles" identified in the primary financial statements and notes thereto. Applicable annual periods beginning on or after 1 January 2027.

6- EARNING PER SHARE (EPS)

Basic and diluted earnings per share are calculated by dividing the net income attributed to the shareholders of the Group for the three-month and six-month periods ended 30 June 2024 by 200 million ordinary shares.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Since the Group does not have any convertible shares, the basic earnings per share is equal to the diluted earnings per share.

7- SEGMENTS INFORMATION

Operating business segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management considers the Group is organised into one operating segment. Accordingly, the presentation of the different segment information is not applicable. Furthermore, the Group operates its activities within the Kingdom of Saudi Arabia.

8- INVESTMENTS PROPERTIES

	Lands SR	Buildings SR	Capital work-in- progress SR	Total SR
Cost:				
At 1 January 2024 (audited)	340,268,641	281,489,965	37,760	621,796,366
Additions during the period	-	-	1,793,501	1,793,501
	<u>340,268,641</u>	<u>281,489,965</u>	<u>1,831,261</u>	<u>623,589,867</u>
At 30 June 2024 (unaudited)	<u>340,268,641</u>	<u>281,489,965</u>	<u>1,831,261</u>	<u>623,589,867</u>
Accumulated depreciation:				
At 1 January 2024 (audited)	-	53,949,621	-	53,949,621
Depreciation for the period	-	3,540,470	-	3,540,470
	<u>-</u>	<u>57,490,091</u>	<u>-</u>	<u>57,490,091</u>
At 30 June 2024 (unaudited)	<u>-</u>	<u>57,490,091</u>	<u>-</u>	<u>57,490,091</u>
Impairment:				
At 1 January 2024 (audited)	-	1,372,638	-	1,372,638
Provided during the period	-	2,532,460	-	2,532,460
	<u>-</u>	<u>3,905,098</u>	<u>-</u>	<u>3,905,098</u>
At 30 June 2024 (unaudited)	<u>-</u>	<u>3,905,098</u>	<u>-</u>	<u>3,905,098</u>
Net book amount:				
At 30 June 2024 (unaudited)	<u>340,268,641</u>	<u>220,094,776</u>	<u>1,831,261</u>	<u>562,194,678</u>
At 31 December 2023 (audited)	<u>340,268,641</u>	<u>226,167,706</u>	<u>37,760</u>	<u>566,474,107</u>

8- INVESTMENT PROPERTIES (CONTINUED)

The capital work-in-progress represents the renovations to investment properties, which are being renovated by the Group's management.

Investment properties include properties mortgaged to local banks against the facilities obtained by the Company (note 15).

Investment properties include properties registered in the name of certain shareholders of the subsidiary (non-controlling interest), and the ownership is being transferred in the name of the Subsidiary.

The fair value of the investment properties was determined by Itqan Real Estate Company and its partner (Nasser Khaled Al-Takhim, Abdullah Muhammad Al-Ajmi), accredited valuers by the Saudi Authority for Accredited Valuers ("Taqeem"), holding membership numbers 1210001816, and 1210001245, respectively. Itqan Real Estate Company and its partner are independent valuers, not related to the Group, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued.

The fair value of the Group's lands and buildings valued amounted to SR 764 million as at 30 June 2024 (31 December 2023: SR 753 million).

The fair values are categorized into a hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices that are included within Level 1 and that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below shows the fair value of investment properties disclosed:

30 June 2024	<i>Level 1</i> SR	<i>Level 2</i> SR	<i>Level 3</i> SR	<i>Total</i> SR
Investment properties	-	-	764,167,007	764,167,007
31 December 2023	<i>Level 1</i> SR	<i>Level 2</i> SR	<i>Level 3</i> SR	<i>Total</i> SR
Investment properties	-	-	753,773,348	753,773,348

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**

9- PROPERTY AND EQUIPMENT

	Electrical appliances and air conditioners SR	Vehicles SR	Computers SR	Furniture and fixtures SR	Tools SR	TOTAL SR
Cost						
At 1 January 2024 (audited)	1,297,708	391,500	822,052	5,367,869	192,841	8,071,970
Additions during the period	-	-	1,000	-	3,870	4,870
Disposals during the period	(806,605)	-	(626,335)	(2,579,669)	(169,741)	(4,182,350)
At 30 June 2024 (unaudited)	491,103	391,500	196,717	2,788,200	26,970	3,894,490
Accumulated depreciation						
At 1 January 2024 (audited)	1,203,875	214,625	670,706	3,888,348	188,977	6,166,531
Charge during the period	31,309	34,740	32,144	147,081	4,223	249,497
Disposals during the period	(786,519)	-	(626,335)	(2,530,196)	(169,740)	(4,112,790)
At 30 June 2024 (unaudited)	448,665	249,365	76,515	1,505,233	23,460	2,303,238
Net carrying amount						
At 30 June (unaudited)	42,438	142,135	120,202	1,282,967	3,510	1,591,252
At 31 December 2023 (audited)	93,833	176,875	151,346	1,479,521	3,864	1,905,439

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)**

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

10- INVESTMENTS IN JOINT VENTURES

	Tahlia Mall Project (10-1) SR	Al Badiah Building Project (10-2) SR	Total SR
1 January 2024 (audited)	22,160,295	10,095,026	32,255,321
Share of profit from a joint venture	1,223,630	77,625	1,301,255
30 June 2024 (unaudited)	<u>23,383,925</u>	<u>10,172,651</u>	<u>33,556,576</u>

	Tahlia Mall Project (10-1) SR	Al Badiah Building Project (10-2) SR	Total SR
1 January 2023 (audited)	20,061,925	9,665,327	29,727,252
Share of profit from a joint venture	2,098,370	429,699	2,528,069
31 December 2023 (audited)	<u>22,160,295</u>	<u>10,095,026</u>	<u>32,255,321</u>

10.1 On 1 November 2019, the Group invested in a joint venture with an investor, which is a commercial center constructed in North Maathar District in Riyadh.

10.2 On 21 January 2018, the Group invested in a joint venture with one of the shareholders, which is a residential property project constructed in Al Badiah District in Riyadh.

11- INVESTMENTS IN AN ASSOCIATE

	30 June 2024 SR	31 December 2023 SR
	(Unaudited)	(Audited)
At the beginning of the period/year	10,079,103	9,236,783
Company's share in net income for the period/year	188,172	1,020,667
Dividends received during the period / year	-	(178,347)
At the end of the period/year	<u>10,267,275</u>	<u>10,079,103</u>

12- TRADE RECEIVABLES

	30 June 2024 SR	31 December 2023 SR
	(Unaudited)	(Audited)
Trade receivables	6,984,845	4,531,847
Less: Provision for expected credit losses	(3,446,027)	(850,588)
Trade receivables, net	<u>3,538,818</u>	<u>3,681,259</u>

12- TRADE RECEIVABLES (CONTINUED)

Movement in the allowance for expected credit loss during the period/year is as follows:

	30 June 2024	31 December 2023
	SR	SR
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	850,588	707,535
Provision during the period/year	2,595,439	583,052
Debts written off during the period/year	-	(439,999)
Balance at end of the period / year	3,446,027	850,588

The aging analysis of trade receivables and provision for expected credit losses is as follows:

	<i>1 - 90 days</i>	<i>91-180 days</i>	<i>181 - 360 days</i>	<i>> 360 days</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
30 June 2024					
Total carrying amount	2,204,131	1,470,928	1,304,345	2,005,441	6,984,845
Expected credit loss	461,761	479,309	804,484	1,700,473	3,446,027
Expected credit loss rate	21%	33%	62%	85%	49%
31 December 2023					
Total carrying amount	1,974,604	907,595	819,531	830,117	4,531,847
Expected credit loss	114	1,312	19,045	830,117	850,588
Expected credit loss rate	0%	0.1%	2%	100%	19%

13- FINANCIAL ASSETS AT FVTPL

This represents investments in quoted securities and mutual funds. The movement of the investment during the year is as follows:

	30 June 2024	31 December 2022
	SR	SR
	(Unaudited)	(Audited)
At the beginning of the period/year	2,636,931	-
Additions during the period/year	7,977,261	2,169,444
Disposals during the period / year	(1,552,903)	-
Change in fair value during period/year	(101,819)	467,487
At the end of the period/year	8,959,470	2,636,931

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**

14- RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The Group is controlled by its shareholders. No single shareholder can direct the activities of the Group without cooperation of the other shareholders.

The following transactions were carried out with the related parties during the six-months period ended 30 June:

Related Party	Relationship	Nature of transactions	2024	2023
			SR	SR
			(Unaudited)	(Unaudited)
International Hotels Company	Entity owned by a shareholder of the Group Joint venture	Leasing revenue	3,450,000	2,750,000
		Collections on behalf	3,220,477	1,614,667
		Reimbursement of revenues collected on behalf	400,000	-
Tahlia Mall Project – block 14		Payments on behalf	313,595	1,096,645
Al-Haqbani Commercial Group Company	Entity owned by a shareholder of the Group	Leasing revenue	1,389,121	1,126,881
		Purchases	-	53,374
Al-Haqbani for Information Technology Company	Entity owned by a shareholder of the Group	Leasing revenue	47,438	46,000
Al Badiah Building Project	Joint venture	Collections on behalf	634,625	612,898
		Payments on behalf	55,758	59,877
		Reimbursement of revenues collected on behalf	228,169	245,704
		Management fees	15,000	-
		Payments	3,054,000	-
Saleh Suliman Al-Haqbani	Shareholder of the subsidiary			
Arabian Company for Fans	Entity owned by a shareholder of the Group	Leasing revenue	1,141,111	831,852
FAD Company For Mechanical & Electrical Equipment Ltd.	Entity owned by a shareholder of the Group	Leasing revenue	290,675	102,637
Kemda House Company	Entity owned by a shareholder of the Group	Leasing revenue	38,238	38,238
Speed Itgan Company	Entity owned by a shareholder of the Group	Leasing revenue	144,670	131,215
Summit Materials Trading Company	Entity owned by a shareholder of the Group	Leasing revenue	46,230	40,058
Cracker Contracting Company	Entity owned by a shareholder of the Group	Leasing revenue	135,510	106,339
		Payments	53,185	
Banan Arabia trading Co.	Entity owned by a shareholder of the Group	Leasing revenue	31,694	29,900
Sanad Holding Co.	Entity owned by a shareholder of the Group	Leasing revenue	61,353	55,775
Era Lighting for trading	Entity owned by a shareholder of the Group		30,898	31,625

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)**

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

14- RELATED PARTY TRANSACTIONS (CONTINUED)

14.1 Related party balances

The following are the details of the related party balances at the period / year end:

Amounts due from related parties

	30 June 2024	31 December 2023
	SR	SR
	(Unaudited)	(Audited)
Etihad Hittin Real Estate company	148,002	148,002
Noor Bint Suliman Al-Haqbani	547	-
	148,549	148,002

Amounts due to related parties

	30 June 2024	31 December 2023
	SR	SR
	(Unaudited)	(Audited)
Tahlia Mall Project	5,279,349	3,300,032
Al Badiah Building Project	1,947,723	1,606,310
Saleh Suliman Al-Haqbani	-	3,054,000
Abdulrahman Bin Suliman Al-Haqbani	-	700,906
	7,227,072	8,661,248

14.2 Key management compensation

The compensation paid or payable to key management for employee services during the six-months period ended 30 June is as follows:

	2024	2023
	SR	SR
	(Unaudited)	(Unaudited)
Short-term key management personnel compensation	926,363	356,064
Long-term key management personnel compensation	48,400	29,672
	974,763	385,736

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)**

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

15- LOANS AND BORROWINGS

The movement in loans as follows:

	30 June 2024 SR	31 December 2023 SR
	(Unaudited)	(Audited)
Short-term borrowings		
At the beginning of the period/year	-	5,000,000
Proceeds from borrowings	-	10,000,000
Repayments of borrowings	-	(15,000,000)
At the end of the period/year	-	-
Long-term loans		
At the beginning of the period/year	83,843,195	78,022,372
Proceeds from borrowings	19,333,333	45,107,020
Repayments of borrowings	(48,058,180)	(45,454,177)
Interests charged during the period /year	2,487,354	6,167,980
At the end of the period/year	57,605,702	83,843,195
Long term loans – current portion	12,933,372	28,731,496
Long term loans – non-current portion	44,672,330	55,111,699

The Group has obtained Shariah complaint loan facilities from a number of local banks, and the facilities bear a commission based on Saudi Inter Bank Offer Rate ("SIBOR") plus an agreed markup.

These loans are secured by promissory notes from the Group and properties mortgaged to local banks against the facilities obtained by the Company.

Finance charges for the period amounted to SR 2,487,354 which have been recognised in statement of profit or loss for the period ended 30 June 2024 (30 June 2023: SR 2,899,166).

16- TRADE AND OTHER PAYABLE

	30 June 2024 SR	31 December 2023 SR
	(Unaudited)	(Audited)
Lease liabilities	14,433,408	16,460,518
Dividends payable to shareholders	3,237,504	-
Value-added tax payable	1,041,682	1,122,561
Trade payables	867,853	710,037
Security deposits	620,536	629,236
Remuneration payable	461,000	777,000
Others	802,156	841,346
	21,464,139	20,540,698

The movement in lease liabilities during the period / year is as follows:

	30 June 2024 SR	31 December 2023 SR
	(Unaudited)	(Audited)
Lease liabilities at the beginning of the period / year	16,460,518	12,766,120
Collected during the period/year	31,194,574	64,693,271
Revenue recognized during the period/ year	(33,221,684)	(60,998,873)
Lease liabilities at the end of the period / year	14,433,408	16,460,518

**BANAN REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)**

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

17- ZAKAT

17.1 Zakat provision

The movement in the zakat provision is as follows

	30 June 2024 SR	31 December 2023 SR
	(Unaudited)	(Audited)
At the beginning of the period/year	1,185,757	1,149,061
Provided during the period / year	546,114	1,181,469
Paid during the period/ year	(1,181,469)	(1,144,773)
Balance at the end of the period /year	<u>550,402</u>	<u>1,185,757</u>

17.2 Status of assessments

A) The Company – Banan Real Estate Company

The Company has filed its zakat returns for all years up to 31 December 2023. The final assessments from 2015 up to 2017 have been raised by ZATCA resulting in additional zakat assessment amounting to SR 1,953,924, the Company has filed an appeal with GSTC against certain amounts of these assessments of SR 1,164,343, and the undisputed amounts were settled, during 2022, the GSTC's resolution was received and resulted in zakat assessment amounting to SR 217,981 which was charged and settled during the 2022 year.

B) The Subsidiary - Al-Aziza Real Estate Development and Investment Company

The entity has filed its zakat returns for all years up to 31 December 2023. The final assessments up to 2020 have been raised by ZATCA resulting in additional assessment amounting to SR 546,634 which was charged during the year ended 31 December 2022.

18- REVENUE

	For the six- month period ended 30 June 2024 SR	For the six- month period ended 30 June 2023 SR
	(Unaudited)	(Unaudited)
Leasing revenue	33,221,684	29,614,736
Revenue on sale of investment properties and lands	26,302,028	2,800,000
	<u>59,523,712</u>	<u>32,414,736</u>
Timing of revenue recognition		
Over time	33,221,684	29,614,736
At a point in time	26,302,028	2,800,000
	<u>59,523,712</u>	<u>32,414,736</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**

19- OTHER RESERVES

	30 June 2024	31 December 2023
	SR	SR
	(Unaudited)	(audited)
Consensual reserve	40,000,000	40,000,000
Remeasurement of employee benefit obligations	(433,994)	(378,972)
Treasury shares (*)	(111,979)	-
	39,454,027	39,621,028

(*) During the period ended 30 June 2024, the Group has entered into a market maker agreement with Al Rajhi Capital to provide ongoing purchase and sale of the Group's shares to support liquidity in share trading. The reserve for the treasury shares comprises the cost of the Company's shares held by the Group. As at 30 June 2024, the Group held 31,733 share out of its own shares (31 December 2023: Nil). All rights related to the shares held by the Group are suspended until these shares are reissued.

20- DIVIDENDS

Based on General Assembly's authorization, the Group's Board of Directors has approved distribute cash dividends for the first half of the year 2023, at SR 0.2 per share totaling to SR 4 million and payable on 31 January 2024.

The Subsidiary's Board of Directors also has approved, in its meeting held on 18 Ramadan 1445H (corresponding to 28 March 2024), distribute cash dividends of SR 12 per share totaling to SR 12 million. The non-controlling interest share amounted to SR 6,475,008 (30 June 2023: SR 6 per share totaling to SR 6 million). The outstanding value of the non-controlling interest share amounted to SR 3,237,504.

21- EVENTS AFTER THE END OF REPORTING PERIOD

In the opinion of management, there have been no significant subsequent events since the period ended 30 June 2024, which would have a material impact on the interim condensed consolidated financial position of the Group as reflected in these interim condensed consolidated financial statements.

22- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying interim condensed consolidated financial statements were approved by the Board of Directors on 2 Safar 1446H (corresponding to 6 August 2024).

