DAR AL ARKAN

2024

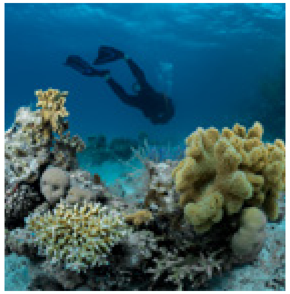
Annual Report

KING SALMAN
BIN ABDULAZIZ AL SAUD

The Custodian of the two Holy Mosques

PRINCE MOHAMMED
BIN SALAMAN AL SAUD

Crown Prince & Prime Minister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About Dar Al Arkan

ETOILE Villas Sedra - Riyadh, Saudi Arabia

Our Purpose, Vision and Mission

Purpose

To support the urban expansion of Saudi cities and the access to homeownership for Saudi citizens

Vision

To further our leadership position as the most respected and dynamic Saudi Arabian real estate solutions provider, developing integrated communities for life in the region

Mission

To create and nurture thriving integrated communities, which fulfill and add value to the social, cultural, recreational, and commercial needs of our communities, maximizing long-term financial returns for our investors

Locations

KSA

Riyadh
Qurtoba
Al Rabie
Shams Ar Riyadh
Ishbiliyah
Al Mesyaf
Al Qasr Mall
Al Munsiyah
Al Falah
Parisiana
Al Tawoun
Al Yarmouk
Sedra Project
Etoile by Elie Saab
Neptune, Interiors by Mouawad

Jeddah
Al Manar
Golden Coast
Shams Al Arous
Qasr Khozam
Trump Tower Jeddah

Mecca
Dar Al Mashaer
Al Awali Villas

Yanbu
Al Mourjan

Medina
Naeem Al Jiwar

Buraidah
Buraidah Hills

Dammam
Juman Project
Seashells Project

QATAR

Doha
Les Vagues by Elie Saab

UAE

Dubai
Urban Oasis by Missoni
Da Vinci Tower by Pagani
W Residences
DG1

Ras Al Khaimah
The Astera, Interiors by Aston Martin
Top of the Astera

OMAN

YITI AND YENKIT
Aida

UK

London
The Mullliner
Oh So Close
8Min to Central

SPAIN

Benahavís
Tierra Viva, design inspired by Automobili Lamborghini

Cortisin
Marea, Interiors by Missoni

Malaga
Tabano

BOSNIA & HERZEGOVINA

Sarajevo
Sidra

At a Glance

1994

- Founded on 28 Dec 1994

2005

- Dar Al Arkan becomes a joint stock company by ministerial decree number 1021

2007

- Issuance of the first Sukuk in the value of $600 million in Feb 2007 and maturing in Mar 2010, listed on the Dubai NASDAQ
- Listing of Dar Al Arakan on the Saudi Stock Exchange Tadawul

2013

- Opening of Al Qasr Mall in Riyadh

2017

- Launching I Love Florence tower in Dubai as the first international project

2018

- Launching Mirabila the first phase of Shams Ar Riyadh development in the Saudi capital
- Issuance of 9th Sukuk in the value of $500 million in Mar 2018 and maturing in Apr 2023, listed on the Irish Stock Exchange and Dubai NASDAQ

2019

- Opening of 15 screen VOX cineplex in Al Qasr Mall
- Issuance of 10th Sukuk in the value of $600 million in Oct 2019 and maturing in Feb 2025, listed on the Irish Stock Exchange and Dubai NASDAQ

2020

- Issuance of 11th Sukuk in the value of $400 million in Feb 2020 and maturing in Feb 2027, listed on the Irish Stock Exchange and Dubai NASDAQ
- Launched Verde, La Casa, Giovane and Palazzo in Shams Ar Riyadh

2021

- Relaunch of Dubai tower under Urban Oasis by Missoni
- Launch of new international projects: Dar Al Arkan Pagani Tower in Dubai and Aida in Oman
- Handover of 1st plots in Shams Ar Riyadh
- Became the leading company in the region by providing 3D construction technology (3DCP) for the first time in the Kingdom

2022

- Launch of new international projects: Les Vagues in Qatar, W Residences in Dubai, Benahavis, Tabano and Finca Cortesin in Spain, and The Fourth Floor Flat of 149 Old Park Lane in London
- Launch of new local projects: Sedra Project in Riyadh, Buraidah Hills in Buraidah and Commendatore Tower in Jeddah
- Issuance of 12th Sukuk in the value of $400 million in Jul 2022 and maturing in Feb 2026, listed on the Irish Stock exchange and Dubai NASDAQ

2023

- Listing the shares of Dar Global PLC (indirectly wholly owned subsidiary of the Group) on the London Stock Exchange's main market for listed securities.
- Launch of Etoile in partnership with Elie Sabb in Sedra integrated community in Riyadh
- Issuance of 13th Sukuk in the value of $600 million in Jul 2023 and maturing in Feb 2029, listed on the London Stock Exchange and Dubai NASDAQ

2024

- Commendable achievement of timely project progress of Etoile, distinguished Elie Saab villas at Roshan Sedra.
- Resource mobilization fostering bilateral relationships with GCC banks.
- Successful release of Shams Ar Riyadh for the Project development after two years of regulatory lattice.
- Expansion of Projects through Dar Global in KSA. Neptune in Riyadh and Trump Tower in Jeddah.
- Expansion of 3D printing projects reaching Aramco and Neom.

At a Glance

Capital

10.8 SAR Billion

Assets

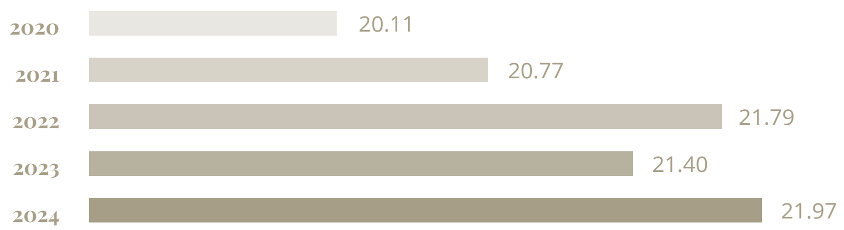
36.9 SAR Billion

Book Value Per Share

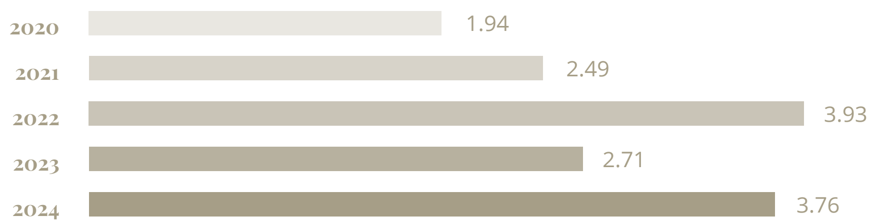
19.54 SAR


Shams Ar Riyadh - Riyadh, Saudi Arabia

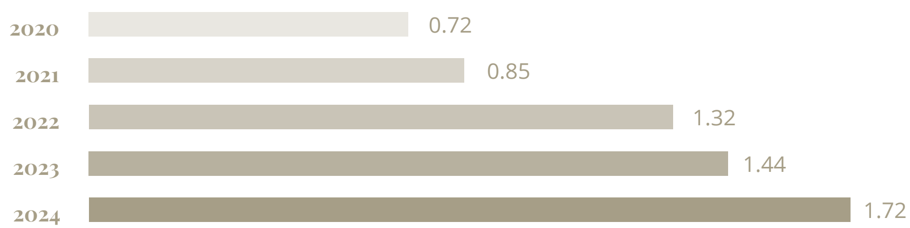
Investment and Development Properties (SAR Billion)



Revenue (SAR Billion)



EBITDA (SAR Billion)



Message of the Chairman

Message of the Chairman

Yousef Abdullah Al Shelash
CHAIRMAN

"Looking ahead, 2025 presents new opportunities for market expansion, technological growth, and sustainable development. With a strong financial foundation and forward-thinking vision, we are well-positioned to navigate the evolving real estate landscape and drive long-term value creation."

On behalf of the Board of Directors, I am pleased to present Dar Al Arkan's Annual Report for the year ended 31 December 2024.

This year has been defined by strategic expansion, operational resilience, and innovation.

As the global economy adjusts to inflationary pressures, interest rate fluctuations, and shifting energy markets, we remained agile, navigating challenges while strengthening our position as a real estate leader. Our ability to anticipate market trends and adapt has sustained steady growth, reinforcing long-term value.

With nearly three decades of expertise, we have built a diversified real estate portfolio that balances stability and ambition. Our disciplined financial approach ensures readiness for opportunities despite economic volatility.

The Saudi real estate sector continues to benefit from Vision 2030 reforms and infrastructure investments, driving strong market demand despite higher interest rates. Along with Saudi being awarded to host the 2034 FIFA world cup, EXPO 2030 and Olympic Esport games in 2027. Residential property values regained momentum in the second half of the year 2024, while commercial real estate remained resilient, fueled by multinational corporations establishing regional headquarters in Riyadh city.

As we move into 2025, Saudi Arabia's commitment to infrastructure and urban development will provide a stable foundation for continued expansion. DAR remain focused on innovation, sustainability, and strategic investments, ensuring long-term value creation.

With a strong market outlook, DAR entered 2024 focused on growth and financial stability. Our balanced business model enabled us to close the year with SAR 3.8 billion in revenue, maintaining a profit margin of 43%. DAR began 2024 with SAR 5.4 billion in liquidity, strategically allocating funds toward expansion and debt management, ending the year with SAR 6.7 billion in cash reserves. Total assets reached SAR 36.9 billion, with a book value per share of SAR 19.54.

Throughout the year 2024, DAR strengthened our market position through strategic land acquisitions, securing assets valued at SAR 2.4 billion to support future development. By year-end, total securities listed across Nasdaq Dubai and the London Stock Exchange reached $ 2 billion pertaining to Sukuk.

Dar Al Arkan expanded its international footprint through its associate, Dar Global PLC in London in the UK to launch major luxury developments in Saudi Arabia, the UAE, Qatar, Oman, UK, Bosnia & Herzegovina and Spain.

DAR also enhanced our collaboration with The Trump Organization, introducing Trump Tower Jeddah, redefining luxury living.
Additionally, our European presence grew with Tierra Viva project in Spain, a premium residential project developed in partnership with Automobili Lamborghini.

Sustainability remains central to our strategy, shaping operations, investment decisions, and stakeholder engagement.

In 2024, DAR advanced ESG integration, prioritizing resource conservation, technological innovation, and community-focused development. Our structured ESG performance monitoring optimized energy efficiency, reduced material waste, and enhanced environmental sustainability across projects.

Our success is driven by the dedication of our employees, the trust of our investors, and the support of our valued partners. We appreciate the confidence of our customers, property buyers, and stakeholders, whose engagement drives our growth. As we expand, we remain committed to creating lasting economic and social value. Through sustainable development, local supplier partnerships, and community initiatives, we continue to enhance the residential and commercial regions we serve.

Looking ahead, 2025 presents new opportunities for market expansion, technological growth, and sustainable development. With a strong financial foundation and forward-thinking vision, we are well-positioned to navigate the evolving real estate landscape and drive long-term value creation. Our commitment to excellence, innovation, and sustainability will continue shaping our future, aligning with the Kingdom's broader economic objectives.

I sincerely thank our stakeholders for their unwavering confidence in our journey. With your support, we will continue driving progress, redefining real estate, and creating lasting value for generations to come.


Strategic Review

Message of the Chief Executive Officer

Anand Raheja
CHIEF EXECUTIVE OFFICER

"This year has been marked by significant milestones across our domestic and international portfolio, reinforcing our dedication to shaping the future of real estate."

As we progress through 2024, we continue to strengthen our real estate leadership, driven by strategic foresight, operational excellence, and a commitment to innovation. Despite global economic challenges, we have navigated obstacles effectively, ensuring sustained growth while delivering premium developments that redefine luxury living. This year has been marked by significant milestones across our domestic and international portfolio, reinforcing our dedication to shaping the future of real estate.

According to the IMF, Saudi Arabia's economy remained steady in 2024, with GDP reaching US$1.14 trillion at current prices. Despite oil production adjustments, non-oil sector expansion remained strong, supported by Vision 2030 initiatives, 2027 Olympic Esport games, EXPO 2030 and 2034 FIFA world cup will accelerate infrastructure development. Investor confidence in real estate remained high, driven by increased demand for premium residential and commercial spaces, regulatory enhancements, and ongoing mega-projects. Riyadh led transaction growth, reflecting urban expansion and economic diversification, with house and apartment values maintaining an upward trajectory. As the Kingdom positions itself as a global investment hub, the sector is set to benefit from further regulatory improvements and high-growth mixed-use developments.

In 2024 we achieved major progress across our portfolio. Domestically, through our associate Dar Global PLC, the Neptune Villas project in Riyadh, developed in collaboration with ROSHN, set a new benchmark for luxury communities, while Trump Tower Jeddah introduced world-class branded residences to Saudi Arabia. Internationally, Dar Global expanded rapidly, with flagship projects in London, Spain, and the UAE, reinforcing our position as a premier global real estate developer that translates into elated and stable profit share for the years to come.

Innovation remains central to our strategy. Building on the success of the two 3D-printed villas in Shams Al Riyadh, marking a major step in sustainable, cost-efficient construction. In 2024, our partnerships with Aramco and Neom have accelerated 3D printing advancements, reinforcing our leadership in next-generation building technologies. These initiatives align with our vision of smart, sustainable urban developments that integrate advanced construction methodologies and future-ready solutions.

Dar Al Arkan maintained robust financial performance, achieving total revenues of SAR 3.8 billion. Our strong liquidity position of SAR 6.7 billion provided the flexibility to execute large-scale developments while ensuring financial prudence. Through disciplined capital deployment, we balanced growth ambitions with financial resilience, securing long-term investor confidence. Dar Al Arkan continues to maintain a disciplined capital structure balance.

Sustainability remains a fundamental pillar of our vision. In 2024, we accelerated ESG initiatives, reaffirming our alignment with Saudi Arabia's Net Zero 2060 agenda. We strengthened environmental initiatives by enhancing waste disposal and solid waste recycling efforts across our developments. By implementing efficient waste management systems and increasing material reuse, we are ensuring more sustainable processing of construction and operational waste. Our approach prioritizes responsible disposal and expands recycling programs, reinforcing our commitment to minimizing environmental impact and promoting a circular economy in real estate development.

Our efforts align with Saudi Arabia's Vision 2030 and the United Nations Sustainable Development Goals (SDGs). Through energy-efficient technologies, eco-friendly materials, and resource conservation, we contribute to sustainable cities, responsible consumption, and climate action, integrating global best practices in environmental and social responsibility.

Through disciplined execution and strong governance, we have maintained operational excellence while reinforcing risk management frameworks. As real estate undergoes rapid transformation, we are actively integrating AI-driven real estate solutions and digital transformation strategies to enhance customer experiences, optimize property management, and solidify leadership in smart, connected communities.

Reflecting on our journey, the past years have reinforced our resilience and adaptability. We have navigated market changes, strengthened brand presence internationally, and built a strong development pipeline to continue delivering value. Our diversified operating model, spanning land acquisitions, asset management, and strategic development, continues to drive value across our growing portfolio.

As we move forward, our priorities are clear—expanding in high-growth markets, driving digital transformation, and creating future-ready urban developments. The opportunities ahead are vast, and we are well-positioned to continue delivering exceptional real estate solutions that set new benchmarks for excellence.

I am deeply grateful to our talented employees, partners, and who have contributed to our success. Together, we will push boundaries, embrace innovation, and build a future defined by excellence and sustainability.

Corporate Strategic Pillars

Dar Al Arkan operates across the real estate value chain, leveraging a long history and deep experience in the Saudi market

Activate and monetise our substantial land bank to generate superior returns

- We enviable land bank with a national footprint.
- We aim to leverage our land bank and maximize returns across cycle.

Maximise shareholder value

- As a leading publicly listed company on the Saudi Stock Exchange, Dar Al Arkan strives to deliver superior returns to its shareholders, while not losing sight of stakeholders at large.

Innovation is at the core of our identity

- In product, delivering aspirational living environments.
- In distribution, applying cutting edge marketing tactics.
- In structures, providing comprehensive financial solutions.

Attract and retain top talent

- Nothing can be achieved without the work ethic and dedication of our loyal employees.
- We are strong believers in the value of human capital in the development of both Dar Al Arkan and Saudi.
- We are supportive of female inclusion in the work force and are proud of our track record.
- We offer career progression and training opportunities to our employees.

Adaptability to changing environment

- Constantly research and analyze the market to anticipate changes in housing demands, commercial space needs, and investment patterns.

Our focus is offer the premium living experience to Saudi clientele

- We aim to be the real estate partner of choice for Saudi investors, be it for their primary residence in the Kingdom, or further afield as they seek second homes or attractive investment returns.

Expanding footprint in collaboration with luxury brands

- To enhance stakeholder value, Dar Al Arkan continues to increase its presence in collaboration with regional and global experts and luxury brands to build quality real estate developments and services.

Maintain a disciplined and efficient capital structure supported by excellent relationships with the debt capital markets

- A conservatively run balance sheet with emphasis on liquidity and flexibility.
- We have pioneered the corporate debt capital markets in Saudi and continues its partnership with global Sukuk investors to support access to growth capital.

Our Operating Model

Land transactions

- Acquire large strategic plots with a long-term vision of the direction and trends of Urban development in key cities.
- Add value to raw land through infrastructure works and master planning before farming out to brokers and smaller developers.

Asset management portfolio

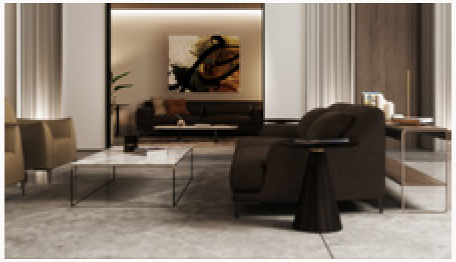
- Manage Al Qasr Mall in Riyadh our flagship retail asset.
- Manage the commercial, office and retail assets in the mixed use Parisiana development.

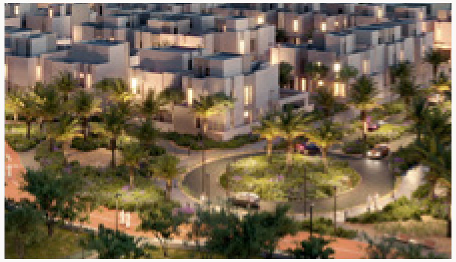
Development portfolio

- Acquire or earmark plots for development.
- Design: Concept, master plan and detailed.
- Build: Project, manage contractors with emphasis on cost control and quality standards.
- Sell: Direct sales force as well as agency sales to deliver an off-plan sales model.

Growth Avenues

Dar Al Arkan's Business Development department leads the way in building a pipeline of opportunities that feeds the project launch engine.





Opportunity Identification

- Develop a business development pipeline.
- Identify "white lands" for joint development potential.
- Highlight stalled projects in need of project restructuring.
- Develop live master tracker of development land targets.
- Work with government and semi government mega or giga projects.

Strategic Project Targeting

- Conduct specific project due diligence, research and opportunity weighing.
- Undertake investor and organizational engagement and relationship development.
- Perform feasibility studies to confirm procurement and development options of: JDA, BOT, BLT, DBOT, DFOT.
- Identify modern methods of construction for selected project opportunities.
- Seek potential partnership opportunities.

Project Closure Process

- Identify opportunities from private and government sectors.
- Qualify those leads by articulating "win-win" strategies for stakeholders.
- Implement standardized commercial and legal development framework.
- Select the right partners and/or suppliers for each opportunity.
- Deal execution and performance tracking to ensure timely delivery within the allocated budget.

Modern Methods Of Construction

- In collaboration with COBOD, a global leader in modular 3D construction printers, Dar Al Arkan is the first in the Kingdom and the region to introduce the 3D Concrete Printer (3DCP) into the real estate market. 3DCP is a future forward printer that is capable of printing large scale residential units and is operated solely by a team of 100% Saudi Arabian professionals. Through 3DCP, not only the real estate market is transformed through increased efficiency, quality and growth, but also, it has empowered national talent.
- After the completion of the first two mock up villas in Shams Ar Riyadh Project during 2022 using 3DCP, Dar Al Arkan managed to deliver one drive through Café and four accommodation pods in 2023, and in 2024 delivered several projects to Aramco and Neom.

New Project Launch

- Aligned with the company's overall strategy of working closely with government initiatives and entities to help achieve VISION 2030 and increase the quality of life in Saudi Arabia, Dar Al Arkan continued to strengthen its relationship with ROSHN (PIF entity) by recently signing another project to build 200 luxury villas in northern Riyadh flagship project – SEDRA through its international arm Dar Global. The deal was signed in March 2024 and work has started already. This is the second project of Dar Groups in partnership with ROSHN.
- The Group recently announced its prestigious Trump Tower Project in Jeddah on a very strategic location which, will boast ultimate features of fine living. The project will be completed through its international arm Dar Global in association with Trump Organization.

Dar Al Arkan living

Shams Ar Riyadh - Riyadh, Saudi Arabia

Projects

National Projects

Dar Al Arkan is a distinguished leader in creating integrated master plan communities that feature a mix of residential, commercial and retail developments across the kingdom.

Shams Ar Riyadh - Riyadh, Saudi Arabia

Shams Ar Riyadh

RIYADH, SAUDI ARABIA

Shams Ar Riyadh targets the growing and underserved middle to upper-middle segments of the market while forging partnerships with major fashion brands like Roberto Cavalli, Versace, and Elie Saab to bring iconic luxury living to the Kingdom. The project offers fully integrated living experiences that include opulent residential, commercial, hospitality, entertainment, sporting, health care, and educational segments. The master plan focused on creating a harmonious interaction with the valley "Wadi Hanifa" that brings magnificent panoramic views and offer numerous public paths to enjoy this unique location.

Shams Ar Riyadh is one of the largest mixed-use development projects ever initiated in the Kingdom, strategically located in the growing northwest of Riyadh that overlooks the picturesque Wadi Hanifa. The initial footprint comprised of a total area of approximately five million sqm and it is divided into five zones. Dar Al Arkan is developing the remaining four zones (zone 1, 3, 4 & 5), over an area of 3.1 million sqm

after the sale of 1.8 million sqm of zone 2 to SABIC for their employee housing.

The remaining zones are being sold directly off-plan to end buyers under the WAFI program and the infrastructure works are ongoing. The updates of the four zones as of December 31, 2024, are provided below:

Current Status

The Shams Ar Riyadh Project land was under embargo since the announcement of Murabaa Project in later 2022. In Q4 2024, the authorities lifted the embargo, allowing the Murabaa Project to purchase zone 4A and 4B from the end buyers at a mutually agreed market price for each plot. The relevant authorities will supervise and ensure that all unpaid dues by any customers, if any are paid directly to the Company on completion of the transfer.

As per the release of Shams Ar Riyadh, the ownership of zones 1,3 & 5 are restored back to the control of the Company for its business use, and these projects will be completed by the company and handed over to the end customers as per the WAFI signed agreement.

Infrastructure Execution Progress:

The infrastructure work for zones 4A and 4B has been fully completed, and the related works for the other zones are over 55% complete as of December 31, 2024. We are working to revive relevant approvals to proceed with remaining last mile infra work for zones 1, 3, & 5.

I. Mock-up Villas:

Seven Mock-up VIP villas in 4A & 4B have been successfully constructed on customer request and will be acquired by the Murabaa Project from those customers.

II. 3d Printed Mock-Up Villas:

Dar Al Arkan completed the kingdom's first 3D construction printed (3DCP) two-storey villa, which stands 9.9-m tall, within the Shams Al Riyadh residential development which is considered as one of the largest 3D printed villas using concrete mix. The villa has been constructed using locally made materials that include cement, sand, rocks and stones, with varying degrees of concentration, to ensure that the structure is four times stronger than a traditional construction.

In addition, Dar Al Arkan completed the second 3D printing villa of 280 sqm in 26 working days and is a two-storey structure.

Dar Al Arkan switched to 3DCP technology in Q4 2021 to spearhead the transition of the construction and real-estate industry toward advanced and sustainable building practices and complement the goals of Saudi VISION 2030 to support economic diversification and digitization.

The 3DCP reduces the construction time by more than half, is more flexible and requires less manpower as it takes only three workers to build one house. This, in turn, contributed to a decreased Lost Time Injury, thus created a safer workplace. As it requires less concrete to complete a building, makes the technology more sustainable and provides a more viable solution for low carbon emission in the construction industry.

Dar Al Mashaer

MAKKAH, SAUDI ARABIA

Dar Al Mashaer, originally known as Al Azizia Towers, is an expansive seven-tower complex leased previously to King Abdullah Medical City for over a decade. After taking possession from the tenants in 2021, the Company undertook a complete overhaul refurbishment of the entire complex to update to the modern features and service facilities, the refurbishment was completed in Q2 2023. With the refurbishment completed to a high standard, this project is offered for sale under a new brand name Dar Al Mashaer. The Project is in the Southern Azizia District on Prince Sultan bin Abdulaziz (Al-Hada Rd.), spread across 6,300 sqm land area and only an 8-minute drive from the Holy Mosque, positioned as a key property offering in the region.

The 7 redesigned towers of Dar Al Mashaer provide a diverse range of residential and commercial offerings. With 314 apartments and 6 penthouses, the complex is designed to cater to various lifestyle needs, combining modern living with convenience. The amenities include 24-hour security, a children's play area, and gyms, in addition to a variety of retail shopping experiences from supermarkets to exclusive stores and cafes. A significant number of customers have already moved into their Al Mashaer dream homes.

Etoile by Elie Saab

SEDRA - RIYADH, SAUDI ARABIA

The Etoile Project, being developed by Dar Al Arkan in the northern part of Riyadh, is a prominent component of a larger master development on the Serviced Plots. The project will feature three blocks of villas, with a total of 163 villas spread across 163 serviced plots, covering an area of 45,544 sqm. This residential development is designed to provide high-quality living, with the infrastructure to be supplied by the master developer.

The Etoile Project is consisting of three Zones and features seven villa typologies with exclusive branding with Elie Saab, adding a touch of luxury and elegance to the project. The plot sizes range from 200 to 350 sqm and the total built-up area of the project spans 54,653 sqm.

The major infrastructure development phase was completed in 2023 by the Master Developer (ROSHN) and construction works commenced in Q2 2023 after the site was handed over to Dar Al Arkan. The progress at the site is 85% by the end of December 2024 and is estimated to be fully complete by November 2025.

Qasr Khozam

JEDDAH, SAUDI ARABIA

Khozam Real Estate Development Company, referred to as "Khozam", is a Joint Venture limited liability company, established between Jeddah Development and Urban Regeneration Company (33.5% equity owner) and Dar Al Arkan (66.5% equity owner). The company is based in Jeddah.

The development will cover a land area of 4,129,492 sqm, divided into five phases. It will include a blend of mixed used buildings, commercial zones, touristic sites and supporting facilities. The project introduces a living concept featuring comfortable, affordable dwellings of G+7 buildings, complemented with all necessary facilities and commercial areas to serve local community.

The infrastructure design for Phase 1 was completed in 2021, and the contractor was appointed. In addition, the concept design for the G+7 prototype building has been finalized and approved, with the full engineering drawings issued and ready for construction. We are now awaiting final approvals to commence Phase 1 construction.

Shams Al Arous

JEDDAH, SAUDI ARABIA

Shams Al Arous is a master-planned integrated community project located in the eastern part of Jeddah city and is designed to offer a best-in-class living experience with a wide range of amenities.

The site is conveniently located to the east of Jeddah, about 5 km from the intersection of Palestine Road and Al-Harmain Road, which ensures easy accessibility to key areas of Jeddah's commercial and cultural hubs. This prime location allows residents to enjoy a tranquil, suburban lifestyle without being disconnected from the vibrant energy and amenities of the city. This integrated community will include residential and mixed-use buildings, with plans to feature schools, commercial centers, beautifully landscaped green spaces, government offices, and mosques.

The project covers a total land area of 863,000 sqm and offers 872 plots. Phase 1 of the project was officially launched in Q1 2021, and onsite construction work was completed in Q1 2024 the handing over of the sites to the respective customers is underway.

Juman Project

EASTERN PROVINCE, SAUDI ARABIA

The Juman Project development is in the Eastern Province, offering breathtaking views of the Arabian Gulf.

The project is designed to become a premier waterfront destination, catering to luxury residential, leisure, and MICE (Meetings, Incentives, Conferences, and Exhibitions) needs, with a focus on serving the upper-middle to upper-upper luxury segments.

Phase 1 spans approximately 3 mn sqm and includes a very shallow reclamation development intended for a luxury resort.

The NOC have been received from the Notary Public and the Ministry of Industrial & Mineral Resources.

A development concept design was officially submitted to the Eastern Province Development Authority in Q4 2023 for review and approval, have received certain comments and queries on the design and concept. The updated plans have been submitted for review and approval.

The land area spans 8,200k sqm. The Dar Al Arkan is the master developer of the project with a 18% stake in the JV.

Buraidah Hills

QASSIM, SAUDI ARABIA

Buraidah Hills, located in Buraidah City within the Al-Qassim province, is an upscale residential community offering a mix of high-end villas, residential units, and designer plots. The community's exclusive nature and premium offerings contribute to its appeal in the region, designed to cater to customers seeking luxury living in a well-planned environment.

Buraidah Hills is an authentic community, surrounded by premium amenities that enhance the quality of life for its residents. The development features a variety of plot sizes, catering to different needs and preferences, and each plot is equipped with the highest quality infrastructure. The project offers a wide range of recreational activities to foster a vibrant community lifestyle. The development includes commercial spaces, schools, markets, mosques, green spaces, gardens, walkways, and bike paths.

The major infrastructure work started on May 1, 2022, and was completed in September 2024 and now completing the formalities to initiate the handing over.

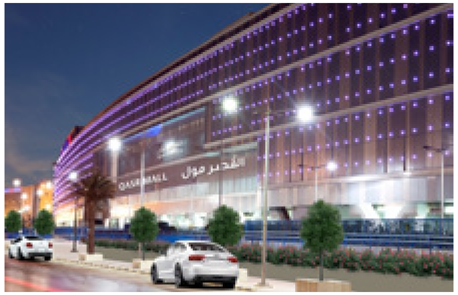
Property Management and Leasing

Parisiana

RIYADH, SAUDI ARABIA

Dar Al Arkan's Parisiana leasing community stands out as a significant development within the Kingdom. Located in Riyadh's Al-Swaidi district, its modern design and spacious layouts cater to the needs of middle-income families, as well as government and corporate institutions.

Strategic positioning adjacent to King Fahad Road grants convenient access to key government agencies and central business districts. This strategic advantage, coupled with the project's appeal, has resulted in impressive leasing success, with approximately 98% occupancy achieved by December 31st, 2024.



Qasr Mall

RIYADH, SAUDI ARABIA

Al Qasr Mall serves as a prominent retail and entertainment hub for residents in central, southern, and western Riyadh. Spanning over 235,000 square meters. It offers a comprehensive tenant mix, including family entertainment options, diverse food and beverage outlets like McDonald, KFC, AL Baik, a 15-screen Vox Cinema, Yalla! Bowling alley, Carrefour hypermarket, leading international fashion retailers like H&M, Centrepoint, MAX, Red tag and R&B. Entertainment zones such as Billy Beez, Ice Rink & Fun land & Laser tag.

The mall prioritizes a modern and spacious environment, catering to the needs of shoppers, social gatherings, and family leisure activities. Its success is reflected in the impressive 95% occupancy rate achieved by 31 December 2024. Qasr Mall is continuously working on providing the best shopping experience by adding new tenants to meet the various needs of customers of various segments. It witnessed the addition of several notable brands in 2024 such as Aster Pharmacy, Spanish Home, Mihyar, Vero Moda, Gong Cha, HiBobi, Caramel Bath & Body, Jasmine, Zohoor AL reef, Osma, Point One and more.

We, as a socially responsible organization, understand our role in society's well-being and collaborate with government campaigns to serve society, such as blood donation camps, diagnostic testing, and other services. We will soon have a dental clinic operating in the mall for customers.

Further enriching the visitor experience, the largest Billy Beez venue in the region was introduced in 2022, offering 3,188 sqm of entertainment space. Additionally, an ice-skating rink and a ninja obstacle course were launched at the end of 2022, providing unique experiences for children. Also, in 2024, Spanish Home, spanning approximately 5000 sqm, opened in Al Qasr Mall, providing a unique shopping experience for visitors.

Al Qasr Mall's popularity is evident in its strong footfall, exceeding 7 million visitors in 2024, representing an approx. 8% increase compared to 2023.

Major Brands in Qasr Mall

Dar Global
Invest in Luxury

Dar Global, established in 2017 as Dar Al Arkan's international arm, was created to diversify the company's asset portfolio by capitalizing on niche opportunities in the international real estate development market. Initially an indirect subsidiary with a handful of projects, Dar Global has since evolved into a well-positioned, publicly listed company. It now boasts a robust portfolio of sixteen projects, with an estimated Gross Development Value (GDV) of SAR 22 billion. Post listing Dar Group retained its investment in the entity to harvest the growing benefits of expanding international operations.

Dar Global is a highly differentiated international real estate business that specializes predominantly in developing second homes for affluent global citizens. The company focuses on creating exceptional living experiences by collaborating with iconic brands, ensuring each project offers a unique and luxurious lifestyle in the most desirable locations across the Gulf Cooperation Council (GCC), USA, UK and Europe.

On 28th February 2023, Dar Global PLC, an indirectly wholly owned subsidiary of the Dar Al Arkan, listed its shares on the London Stock Exchange's main market for listed securities. Following a private placement of new shares by Dar Global PLC, the Dar Al Arkan's ownership interest was diluted from 100% to 88%. Consequently, the Dar Al Arkan no longer holds controlling interest in the Dar Global PLC according to listing requirements. However, it still retains significant influence. Therefore, the investment in Dar Global PLC has been reclassified as an associate and accounted for under the equity method.

The update on the current ongoing projects is summarized below.

Urban Oasis by Missoni

DUBAI, UAE

The Urban Oasis Tower by Missoni, located in Dubai's Business Bay area, is an iconic 34-story structure that combines luxury living with contemporary design. Co-branded with the renowned Italian fashion brand Missoni, this development is the group's first international project. It features the region's first-ever bespoke Missoni-inspired living spaces, offering residents a unique fusion of high-end fashion aesthetics and modern comfort. The tower represents a blend of style and sophistication, making it a standout in Dubai's vibrant skyline.

The Urban Oasis Tower by Missoni is designed to cater to the middle to high-income market segment, offering a total of 467 modern apartments. The initial sales launch of the Urban Oasis Tower project began in Q4 2017 in Dubai, followed by a January launch in Saudi Arabia (KSA). After a period of strategic planning and refinement, the project was rebranded and relaunched in Q4 2021 with a focus on luxury and contemporary living. The Project was completed in 2024.

Da Vinci Tower by Pagani

DUBAI, UAE

Da Vinci Tower by Pagani is a luxury residential building located in the heart of Downtown Dubai, strategically positioned along the canal in the Business Bay district. The tower offers an exclusive living experience with interiors designed by the renowned luxury brand Pagani. Its prime location provides stunning views of the world's tallest building, Burj Khalifa, and places residents just a stone's throw away from Marasi Business Bay, offering easy access to upscale dining, shopping, and entertainment options in one of Dubai's most vibrant areas. The combination of world-class design and its enviable location makes Da Vinci Tower a highly sought-after address.

The original semi structured asset was acquired in Q4 2021 and a full façade and interior refurbishment to a luxury standard is underway. It is the world's first tower furnished by Pagani Arte Collection. The tower is a true geometric symphony of perfection comprised of 3 basement levels, a ground floor and 19 floors of residential masterpieces offering 85 luxury apartments. The refurbishment stage of the Da Vinci Tower project is expected to be fully completed by Q1 2025.

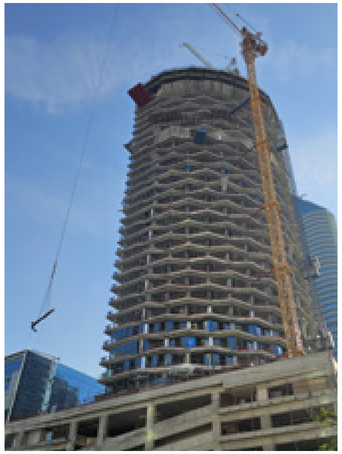
W Residences Dubai - Downtown

DUBAI, UAE

The W Residences Dubai is a luxurious 49-story residential building situated in one of the most prestigious and affluent neighbourhoods in the world—Downtown Dubai. Located in the iconic Burj Dubai district, the tower offers residents spectacular views of some of Dubai's most renowned landmarks, including the Burj Khalifa, Dubai Fountain, and Dubai Mall.

The W Residences Dubai is a luxurious development that boasts 383 designed units, offering an exceptional living experience in Downtown Dubai. The building is equipped with a comprehensive suite of high-end amenities to cater to the needs of its elite residents. These include a stylish clubhouse, a fitness center, guest suites for visitors, an infinity outdoor pool with breathtaking views, a private cinema for exclusive entertainment, and dedicated business offices.

The project was launched in early 2022 and the projected completion date is estimated to be in Q3 2026.



DG1

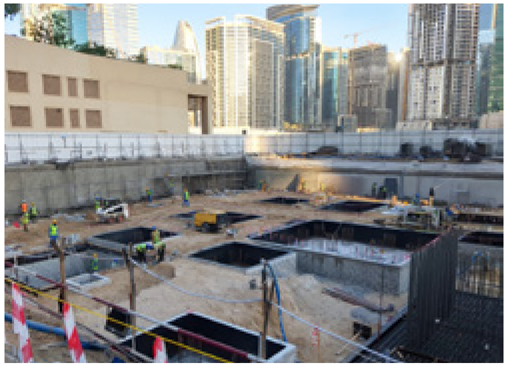
DUBAI, UAE

DG 1 is a 20-storey tower, situated in the premium location by the canal in Downtown Dubai. The architecture of DG1 reflects its dynamic attitude, it is like a haute couture creation and its distinctive twisting profile opens the doors of imagination.

DG1 stands out from the cluttered panorama since it recalls a piece of art rather than a conventional tower.

Crafted by Gensler Architects, this tower embodies a shape that reshapes the city around it. It consists of 249 units, featuring the infinity pool with outstanding views of the Dubai Canal and city landmarks and fully equipped Gym.

The project was launched in Q1 2023, construction commenced in Q4 2023, and the estimated completion date is end of 2026.



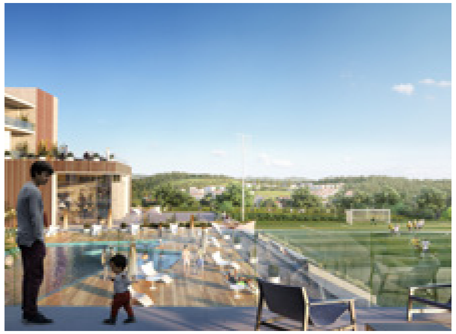
Sidra

SARAJEVO, BOSNIA

Dar Al Arkan is the master developer of a project land area of 500 thousand sqm in Bosnia that was the largest single real estate development project in the country. The site is situated in Ravne, Vares, 38 km outside Sarajevo, the capital of Bosnia.

This beautiful, gated community in the heart of Bosnia is equipped with private residential plots, a range of exceptional holiday activities, and first-class amenities. The lot areas at Sidra range from 350 to 6,767 square meters, each one meticulously designed and overlooking breathtaking landscapes all year long.

Total project land area of Sidra project is 539k sqm, and the infrastructure works are currently underway.



Les Vagues by Elie Saab

DOHA, QATAR

This project is located on Qetaifan Island North, part of the exclusive, gated community of Qetaifan Islands within the new city of Lusail located just to the north of Doha. It is being launched in partnership with Qetaifan Projects, a prominent Qatari real estate development company owned by Katara Hospitality, which owns the land plots, and Dar Qatar as the developer of this project. This development agreement was signed in March 2022, and project was branded as “Les Vagues”.

Les Vagues is Qatar’s first residential project with interiors crafted by the internationally renowned fashion icon, Elie Saab. The development offers a stunningly beautiful setting, creating a paradise on earth for those seeking Haute Couture living

The Les Vagues project features 303 opulent sea-front residences of one, two and three-bedroom apartments with a variety of majestic balconies and terraces and floor-to ceiling windows for residents to enjoy uninterrupted panoramic views of the sea. Construction of this project commenced in Q1 2024 and is expected to be completed in 2027

AIDA

YITI AND YENKIT, OMAN

AIDA is located in the heart of Muscat, 130 meters above the coastline, surrounded by nature, outdoor activities, and renowned 5-star destinations. Situated about 25 minutes from downtown Muscat, the site is owned by the Oman Investment Authority. In March 2022, Yiti Tourism Development Company LLC, the developer of Yiti and Yenkit plots and Dar Al Arkan Property Development SPC, entered into a development agreement under which Dar Oman, will develop approximately 3.5 million sqm of land at Yiti and Yenkit.

The project includes 3,500 residential units, featuring medium-sized villas, townhouses and low-rise apartments. It also boasts two elegant hotels, a plaza filled with cafes and restaurants, an 18-hole luxury golf course, and a golf club in partnership with Trump International Organization.

The Aida project is expected to be phased over 10 years with a plan to launch one phase per year. The first phase of the project consisting of 884 units was launched in 2023 and 2024 and generated significant interest from customers worldwide. The infrastructure works commenced in Q1 2024 with phase one expected to be complete in 2027 and 2028. The entire project is expected to be completed by December 2034.

Tierra Viva, design inspired by Automobili Lamborghini

BENAHAVÍS, SPAIN

Tierra Viva, design inspired by Automobili Lamborghini marks our first project in Europe. In March 2022, the Group signed a purchase agreement for two plots of land in Benahavis, Spain, covering a total area of over 97,500 sqm, with a saleable area exceeding 20,503 sqm. Benahavis is a Spanish town and municipality in the province of Malaga, just seven kilometres from the coast and conveniently located near the resort of Marbella.

Tierra Viva, design inspired by Automobili Lamborghini in Behanavís – Costa del Sol is an exclusive residential community of 53 luxury grand villas and plots, offering stunning views of the Mediterranean Sea.

The design of the development is inspired by the iconic Automobili Lamborghini. This project was launched in Q2 2023 and is currently under construction, with completion expected by end of 2026.

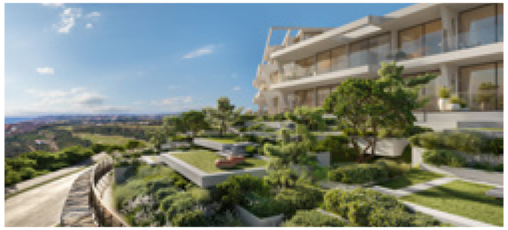
Marea, Interiors by Missoni

CORTISIN, SPAIN

Marea, Interiors by Missoni, our second project in Spain was unveiled in August2023, featuring interiors designed by Missoni. In Q4 2022, Dar Benahavis acquired a plot of land in the municipality of Casares, located in the province of Malaga, southern Spain. The development plot is in one of the most desirable areas along the Andalucia coast, just a short distance from the Finca Cortesin resort, which has an 18-hole championship golf course rated among the best in Spain.

Marea, Interiors by Missoni is an exclusive residential community designed to blend seamlessly with the stunning landscapes of Costa Del Sol. The project spans a total area of 16,467 sqm. Dar Benahavis intends to develop 59 residential units, offering residents exclusive access to the private golf course of the Finca Cortesin resort along with 24/7 concierge services.

Marea, Interiors by Missoni project is currently under development and is expected to be completed in Q2 2027.



Tabano

MALAGA, SPAIN

In September 2022, Dar Tabano purchased six plots of land in Manilva, a municipality in the province of Malaga, located near the border with Cadiz in southern Spain. The land is about a 45-minute drive from Marbella and is close to several polo clubs and one of the best beach areas of la Costa del Sol. The total area of the Tabano project is 4,650,092 sqm, with a net total buildable area of 1,586,000 sqm, spread across 200 individual plots.

Dar Spain plans to develop residential units on these land plots. The Tabano project is currently in its initial permitting stage, with completion expected to be in December 2029. The consultants have been appointed for the development of the concept master plan and associated infrastructure plan.

The Mulliner

LONDON, UK

In November 2022, Dar Al Arkan Global UK Holdings Ltd and FCP (London) Ltd formed a joint venture to acquire the Fourth Floor Flat at 149 Old Park Lane, London, United Kingdom. The 471 sqm apartment offers views over Green Park and is conveniently located near Hyde Park, The Ritz, Harrods, and Knightsbridge. This property consists of a single apartment occupying one floor of the building.

The Mulliner is a distinguished landmark that holds significant architectural value in London's heritage. The shareholders of the joint venture aimed to reconfigure and enhance the existing layout, undertaking a complete refurbishment of the flat. The unit was completed and sold in 2024.

8min-to-Central

LONDON, UK

Experience the finest in contemporary living in the exclusive 8min-to-Central residential building that is nestled in the highly sought-after area of Ealing Broadway, this prestigious property offers the perfect blend of quaint urban living and proximity to central London.

8min-to-Central boasts an exceptional positioning, just a 2-minute walk from the tube and Crossrail station. With the Elizabeth line, you can reach the heart of the city in just 8 minutes. This exclusive development offers 9 meticulously designed units of 1, 2 and 3 bedrooms, each designed to offer a perfect blend of elegance and comfort. From spacious living areas to designer finishes, every detail has been thoughtfully crafted to deliver an exceptional living experience. This project is nearly complete and is expected to be handed over in Q1 2025.

Oh So Close

LONDON, UK

Oh So Close offers an extraordinary residential environment, where contemporary design seamlessly integrates with the serene beauty of nature.

Positioned just steps away from the picturesque Walpole Park and serene Lammas Park, this prestigious property offers the perfect combination of tranquillity and convenience. It's just a 10-minute walk to West Ealing Station, with easy access to Central London in minutes via the newly opened Elizabeth line.

This project comprises of two 3-storey houses divided into 17 luxury flats, including spacious duplexes and remarkable lower ground apartments. This project is nearly complete and is expected to be handed over in Q1 2025.

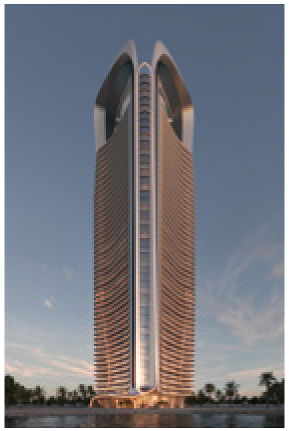
Trump Tower Jeddah

JEDDAH, SAUDI ARABIA

The project, located in a strategic location overlooking the sea view, with direct access from Jeddah Corniche Road, and near Al Nawras square. The project will be developed on a total land area of 11,928 sqm, featuring 47 floors, including a 5-story podium for parking. It will offer 561 luxurious branded residential units, all designed to the highest standards.

The design concept was submitted to Jeddah Municipality as a special pilot project, approved by the higher committee in 2022, a building permit was submitted in late 2023 and approved in July 2024. The detailed design phase is currently being updated based on the new design following the TRUMP theme.

The project was officially launched on 11 December 2024 and the construction work will commence in early 2025.The project is expected to be completed in 2029.

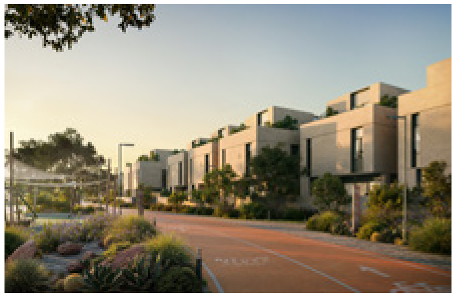


Neptune, Interiors by Mouawad

RIYADH, SAUDI ARABIA

Dar Global is developing three blocks of total land area of 56,280 sqm spread across 200 plots featuring equal number of villas in the northern part of Riyadh, within the ROSHN Sedra Master Plan development. The development will be built on serviced plots, with all essential infrastructure provided by the master developer. The architectural design of the subject villas shall comply with master plan guidelines and Salmani style typology.

The Neptune, Interiors by Mouawad project consists of three blocks and includes nine villas typologies with individual plot sizes ranging from 250 sqm to 350 sqm. The total built-up area is 67,536 sqm, and these villas will be branded with MOUAWAD and is estimated to be completed by 2027.

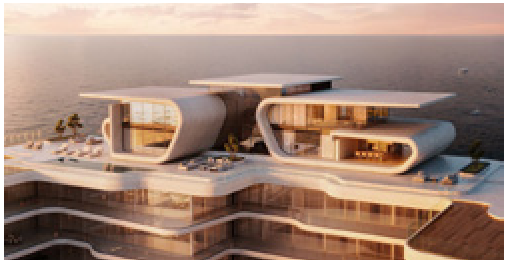


The Astera, Interiors by Aston Martin

RAK, UAE

The Astera, Interiors by Aston Martin, is situated on Al Marjan Island, a stunning man-made gem along the coastline of Ras Al Khaimah, UAE. This extraordinary living experience is the result of a prestigious collaboration between Dar Global and Aston Martin, two renowned names in performance and ultra-luxury living. Together, they have flawlessly combined innovative design, advanced technology, and timeless craftsmanship to create residences along the pristine waters of Al Marjan Island.

The project will feature 280 units, 1 to 3-bedroom residences and 3-bedroom beach villas, with sizes ranging from 61 sqm to 265 sqm. Currently under development, the expected completion date is December 2028.



Saudi Economy and Real Estate

Etoile by Elie Saab - Riyadh, Saudi Arabia

The global economy is experiencing a slow recovery and remains below its historical levels. This is due to the ongoing uncertainty that has affected the global economic environment since the beginning of FY 2022. It is also attributed to several key challenges, including tightening monetary policy by most central banks, particularly in developed countries, to contain high inflation rates that have reached unprecedented levels in many countries. Additionally, the increase in global debt levels and associated costs, and the ongoing geopolitical risks, further weigh on the recovery.

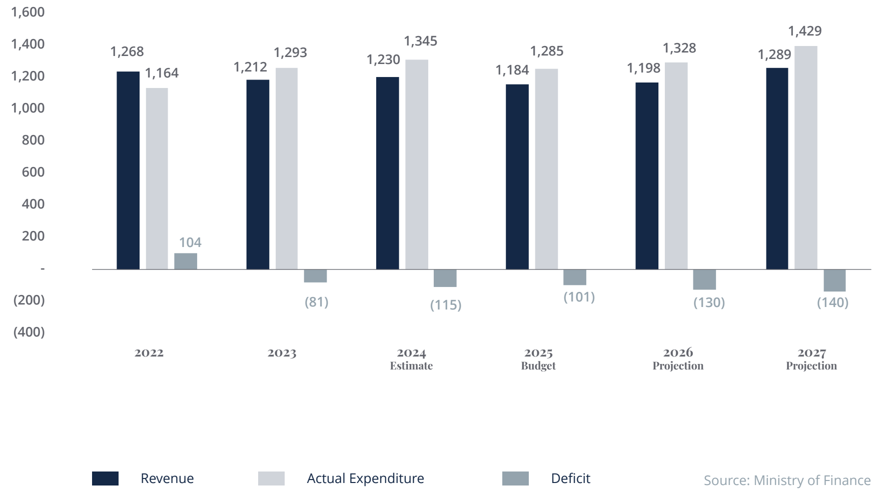
On the other hand, the US Federal Reserve's recent decision to cut interest rates by 100 basis points since Sep'24 (50bps in Sep'24, 25bps in Nov'24 and 25bps in Dec'24) could bolster the ongoing global economic recovery and stimulate growth over the medium term. According to the World Bank's estimates, the global economy is on track to achieve a state of stability after three consecutive years of slowdown. This shift was supported by the decline in the inflation rate to its lowest level in three years, along with improvements in the fiscal situation. Also, they indicated that the global economy is expected to grow by 2.6% in FY 2024 and 2.7% in FY 2025.

The government of Saudi Arabia is pressing forward with its reforms to meet the objectives of Saudi Vision 2030, which is reflected in the budget of FY2025 and over the medium term. According to the Ministry of Finance, significant growth in the Saudi economy is estimated to enhance revenues over the medium term. Thus, total revenues for FY 2025 are estimated to be around SAR 1,184 bn, with expectations to reach about SAR 1,289 bn by FY 2027. Also, it anticipates a decrease in inflation rates by about 1.9% in advanced economies for FY 2024, reaching 2.7% compared to FY 2023. Furthermore, non-oil activities have demonstrated strong growth at constant prices, averaging around 5.8% over the past three years. This growth is due to the expansion of a range of promising sectors, including the tourism & entertainment sector, the transport & logistics sector, and the industry sector.

Looking more broadly across the public sector in Saudi Arabia, the Public Investment Fund and National Development Fund will continue to deploy capital domestically at similar or higher levels in 2025 to push ahead with Vision 2030 initiatives including giga projects and preparations for upcoming major events.

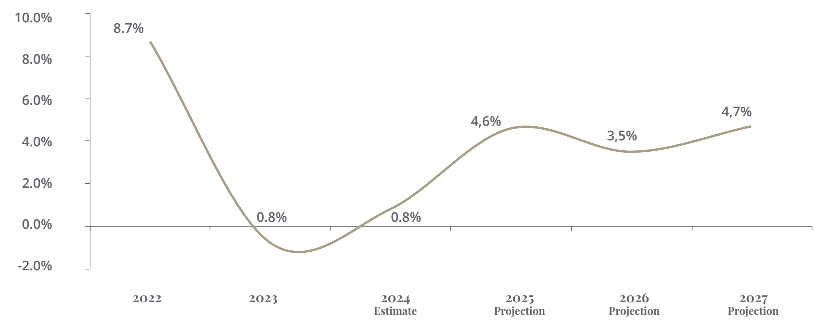
FISCAL PERFORMANCE

(SAR Billion)



Source: Ministry of Finance

GDP GROWTH



Source: Ministry of Finance

Residential development enjoys favourable long-term prospects due to the sector's robust fundamentals.

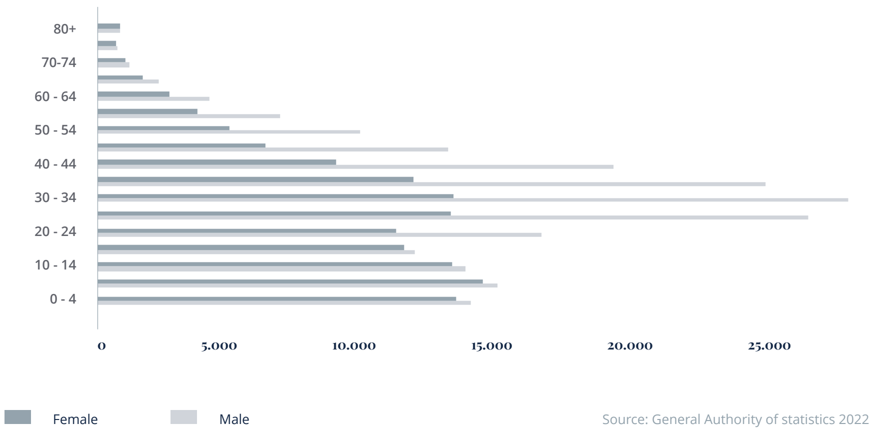
THIS GROWTH IS DRIVEN BY FOUR KEY FACTORS:

1. Positive Demographic Trends
2. Widening Supply Deficit
3. Relatively Low Home Ownership Penetration
4. Government Focus and Support

Positive Demographic Trends

A young and growing population with circa 63% below the age of 30 and a total population expected to reach 36.2 million by 2028. A shift in societal norms and the growing trend of flexible work arrangements are fuelling demand for housing among young professionals and families starting out.

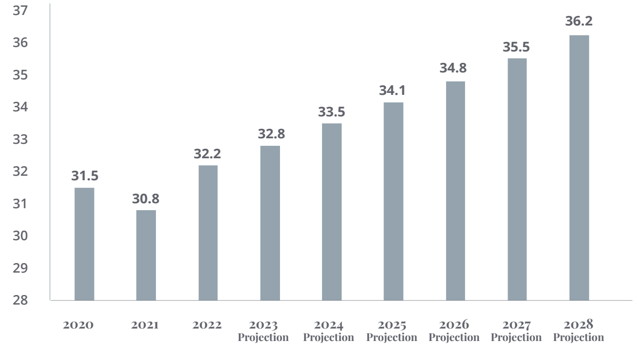
TOTAL POPULATION (AGE/GENDER)



Source: General Authority of statistics 2022

POPULATION (MN)

The population of Saudi Arabia has reached to 32.2 million with an average annual population growth of 2.5% since 2010 as per 2022 Saudi Census report. 42% of the total population consists of foreign nationals.

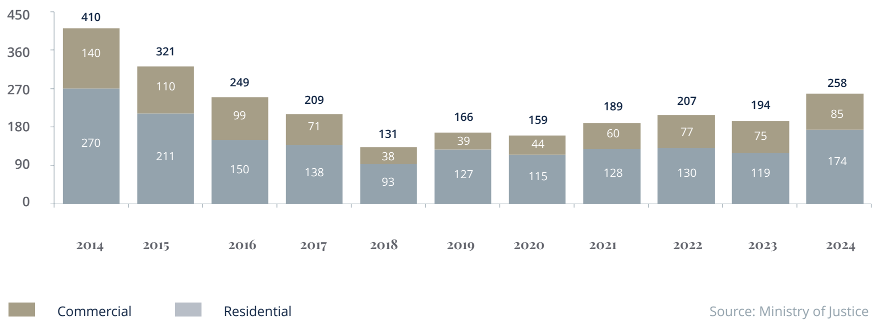


Source: International Monetary Fund

Widening Supply Deficit

A shortage of housing supply has emerged in Saudi Arabia, creating a widening gap between the strong demand for homes and the limited availability. The Ministry of Municipal and Rular Affairs estimates suggest that the Kingdom will need to create approximately 1.2 million new homes to reach a housing stock of 4.96 million houses by 2030. As per the 2022 Saudi Census, the number of dwellings in the Kingdom reached more than 8 million, of which 51% are apartments. In 2024, the value of residential and commercial real estate transactions in KSA reached SAR 258 billion, an increase of 33% compared to 2023.

VALUE OF REAL ESTATE TRANSACTIONS IN KSA (SAR BILLION)



Relatively Low Home Ownership Penetration

Saudi VISION2030, has set a target for home ownership penetration of 70% to be achieved by the end of the decade. Meanwhile, by the end of 2023, the rates reached over 63% exceeding the target 62% set for 2025. Further emphasizing the growing demand, His Royal Highness, The Crown Prince, recently announced that housing needs over the next decade are expected to exceed 4 million units.

Government Focus and Support

The Saudi government is actively driving growth in the housing sector through initiatives of Ministry of Housing and the VISION2030 program, which has housing as one of the 7 key pillars. The regulatory framework for both facilitating development permitting as well as introducing new structures like Off-Plan selling are improving the operating environment for developers.

Equally, the Government is actively encouraging the provision of liquidity and financing to the market through the REDF, SRC and the Banks provision of mortgage products.

According to the (CEO Mansour bin Madi) Real Estate Development Fund (REDF) Mortgage contracts for housing support programs by the REDF grew 20% during 2024. Various housing support programs enabled 89,000 beneficiaries to secure mortgages worth a total of SAR 62.9 billion during 2024, compared to about 74,000 beneficiaries in 2023.

Moreover, Direct investment initiatives are further fuelling the sector's growth. A prime example is the ambitious redevelopment plans for Riyadh. These plans aim to transform the city into a leading industrial and economic hub, not just for Saudi Arabia, but for the entire region. With a projected population of 15 million inhabitants, Riyadh's future demands a robust housing market.

ESG and Sustainability

Etoile by Elie Saab - Riyadh, Saudi Arabia

Introduction

At Dar Al Arkan, we are embedding environmental, social, and governance (ESG) principles into our operations, reflecting our commitment to global sustainability goals. This approach ensures we balance market demands with meaningful contributions to society and the environment.

True growth is not just about scale but about progress that fosters trust, strengthens stakeholder relationships, and drives collaboration, investment, and long-term partnerships

In a world where climate change and human activities create imbalance, our efforts are focused on addressing environmental concerns, supporting communities, and maintaining ethical business practices. While progress takes time, we are making thoughtful improvements that align with our core values and priorities.

This report offers a clear overview of our achievements to date and the areas where we continue to advance. Our goal is to grow responsibly, prioritizing sustainability in our developments while delivering long-term value.

Etoile by Elie Saab - Riyadh, Saudi Arabia

Sustainability Highlights

Solid waste recycled increased by
40% in 2024

Zero
Incident of Discrimination cases in 2024

Representation of female workers in senior management
50% in 2024

Monitoring employee satisfaction, setting targets, and communicating transparently.
Yes in 2024

Non-hazardous waste disposal increased by
63% in 2024

Expanded 3D Printing in construction, enhancing efficiency and sustainability with projects at Aramco and Neom.

Zero
Number of performance grievances filed in 2024

Identification of critical suppliers
48% in 2024

Implementation of LED lighting with sensors for energy conservation

Employee engagement (%) increased by
14% in 2024

Spending on local suppliers
92% in 2024

Independent Directors
33% in 2024

Fuel and oil expenses lowered by
13% in 2024

Zero
Safety Related Issues

Suppliers assessed out of total suppliers for Sustainability Risk Assessment
88% in 2024

Timely completion of Etoile's Elie Saab villas at Roshan Sedra, emphasizing efficiency and sustainability in real estate development.

Total solid waste reused (Kg) increased by
30% in 2024

People returned after taking parental leave
100% in 2024

Employee attrition decreased by
3% in 2024

Successful launch of Shams Ar Riyadh after 2 years of regulatory adherence, reinforcing governance excellence.

Protection and preservation of greenery and other plantation

Workforce aged 18-30 increased by
4% in 2024

Zero
Data Breach

Resource mobilization fostering bilateral relationship with GCC banks

Sustainability Framework

Sustainability is not just a principle - it is a promise that guides our vision for progress and innovation. The 2024 Sustainability Framework has been thoughtfully designed to embed environmental, social, governance, and economic considerations into every aspect of our operations, building on our legacy while introducing a fresh perspective to address the evolving needs of our stakeholders and the global community. Centered on five dynamic pillars — Operated Responsibly, Enriched in Value, Powered by Technology, Fueled by Talent and Committed to the Environment — the framework reflects our commitment to 15 priority areas critical for long-term success. During 2024, we have intensified our focus on measurable outcomes through strategic resource optimization, comprehensive talent development, and pioneering innovation, strengthening our position as an industry leader while creating a resilient, inclusive, and sustainable future for all stakeholders.

Operated Responsibly

We are unwavering in our commitment to ethical governance, operational transparency, and rigorous compliance with international standards. Responsibility extends to every facet of our operations, from comprehensive risk management to fostering trust with our stakeholders. We have implemented policies to ensure decisions are made transparently, objectively, and in the best interest of the company and stakeholders. By embedding these principles into our governance, we uphold integrity, deliver sustainable outcomes, and maintain stakeholder confidence.

Enriched In Value

We build more than properties – we create enduring value for everyone who places their trust in us. Our signature developments reflect an unwavering pursuit of excellence, delighting customers while driving robust economic growth. Through careful attention to quality and innovation, we continue to shape thriving communities and deliver outstanding returns for our shareholders. This commitment to excellence has established us as a cornerstone of the industry, transforming visions into valuable realities.

Powered By Technology

We have completed Saudi Arabia's first 3D printed villa, one of the largest of its kind, using a locally sourced concrete mix. By adopting 3DCP technology in Q4 2021, the company aims to drive innovation in construction, reducing build time, labor needs, and carbon emissions, while contributing to the goals of Saudi Vision 2030. The process enhances safety, strengthens structures, and promotes sustainable building practices' or frame it as per the view of your team.

Fuelled By Talent

Our extraordinary team drives our excellence. We cultivate an environment where talent thrives, diversity flourishes, and innovation knows no bounds. Through pioneering development programs and a deep commitment to employee well-being, we empower our people to achieve their highest potential. This investment in our workforce does not just strengthen the Company – it shapes industry leaders who transform challenges into opportunities and propel us toward new horizons.

Committed To The Environment

In 2024, we are committed to creating sustainable value for all stakeholders by delivering high- quality real estate solutions that exceed expectations. By focusing on customer satisfaction, economic growth, and shareholder returns, we ensure that our operations contribute meaningfully to long-term prosperity. Our approach prioritizes innovation and efficiency, positioning us as a leader in delivering value that lasts.

Alignment with SDGs and National Vision

Dar Al Arkan has integrated sustainability at the core of its strategy, aligning its ESG framework with the UN Sustainable Development Goals, Saudi Vision 2030, and the Saudi Exchange's sustainability initiatives. By embedding economic, environmental, social, and governance priorities into our operations, we demonstrate a strong commitment to both national and global sustainable development objectives, driving long-term value and responsible business practices.

Dar Al Arkan Pillars					Alignment with Saudi VISION2030	Alignment with UN SDGs	Our SDG Initiatives and Targets
Operated Responsibly	Enriched in Value	Powered by Technology	Fuelled by Talent	Committed to the Environment			
●	●	●	●	●	**Vibrant Society** • Provide access to transparent information for employees and stakeholders. • Promote professional development through structured training programs. • Conduct regulatory risk assessments, focusing on reducing emissions, energy, and water intensity. • Promote biodiversity by integrating local flora in landscape design.		√ Ensure employee well-being by fostering a healthy work environment and providing opportunities for career growth. √ Our dedication to gender equality is evident in our expanding female workforce, now representing 24% of our employees. We remain committed to advancing this progress through ongoing initiatives and inclusive workplace policies. √ Our commitment to inclusivity fosters the employment of local Saudi nationals, who now make up over 43% of our workforce
●	●	●	●	●	**Thriving Economy** • Adopt best corporate governance practices to enhance transparency and trust. • Strengthen the talent pipeline by hiring and developing fresh Saudi national graduates. • Foster an inclusive and diverse workforce, ensuring equal growth opportunities. • Encourage female employees to progress into senior management roles in the company. Currently, five female employees are in senior management positions.		√ Ensure the health and safety of all staff, prevent occupational injuries, and ensure employee wellbeing. √ We have an equal opportunity and antidiscrimination policy for our workforce. We provide facilities at our workplace for persons with disabilities. √ Strategy supports the development of sustainable buildings and communities. √ No recorded fatalities, with a focus on reducing incidents over the past six years (2019-2024).
●	●	●	●	●	**Ambitious Nation** • Advance recycling and waste management initiatives. • Implement water conservation measures, targeting optimized consumption. • Develop energy-efficient solutions in alignment with national and global sustainability targets. • Reduce greenhouse gas emissions by prioritizing renewable energy adoption.		√ Freshwater management efficiency has improved, reflecting ongoing efforts to enhance sustainable water consumption practices. √ Operational growth and increased production have contributed to a moderate increase in direct and indirect greenhouse gas emissions, aligning with business expansion. √ Developed a roadmap for increasing energy consumption from renewable sources.

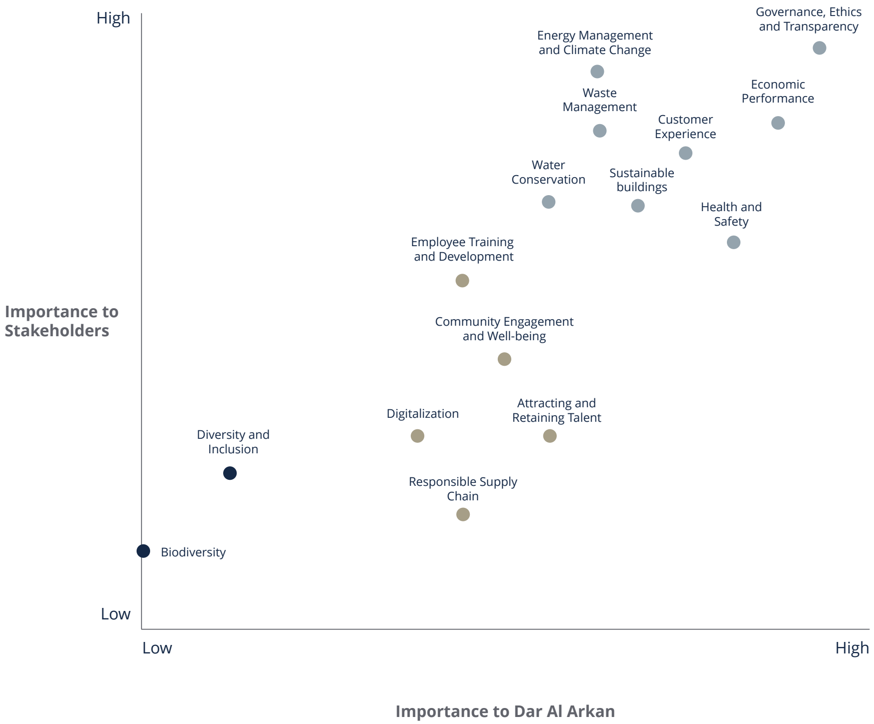
Stakeholder Engagement

Shareholders and Investors	True partnership thrives on trust. Through transparent reporting and proven results, we keep our investors and shareholders confident in our vision, strengthening their commitment to our long-term success.
Suppliers and Contractors	We forge powerful partnerships with suppliers and contractors who share our commitment to excellence. Together, we set new benchmarks in quality, safety, and sustainability, turning ambitious visions into landmark achievements. These strategic collaborations drive our success, ensuring flawless project delivery.
Government and Regulators	We collaborate closely with key regulatory bodies, including the Ministry of Municipal and Rural Affairs and Housing, the Capital Market Authority and the Saudi Exchange (Tadawul). Through these partnerships, we ensure compliance with national regulations, foster transparency, and contribute to Saudi Vision 2030's ambitions for sustainable urban development and economic growth.
Visitors	We craft unforgettable experiences that captivate our visitors from the moment they arrive. Through carefully curated spaces and personalized attention, we transform every visit into a journey of discovery. Our innovative designs and premium services ensure each interaction leaves a lasting impression, setting new standards for excellence in hospitality.
Buyers and Tenants	Putting our buyers and tenants first is what defines us. We focus on delivering top quality, maintaining open communication, and paying attention to every detail. By going above and beyond, we've built strong relationships and earned the trust of our Buyers and Tenants, turning them into loyal supporters of our brand.
Communities	We are committed to enriching the communities we operate in by investing in education, affordable housing, and social development programs. Through collaboration with local organizations and continuous dialogue, we ensure our efforts align with community needs, creating vibrant, thriving neighborhoods.
Employees	Our exceptional team forms the bedrock of our success. Through pioneering development initiatives and a culture that celebrates diversity, we nurture tomorrow's leaders today. By investing in our people's growth and fostering an environment where innovation flourishes, we empower each team member to excel and shape our collective future.

Materiality Matrix

We have advanced our materiality assessment to capture the evolving landscape of sustainability imperatives both within our organization and across the real estate sector. By adopting a more anticipatory methodology, we have identified emerging opportunities and potential challenges that will shape our future trajectory. While our foundational pillars of governance, ethics, and transparency continue to serve as our bedrock, we have recalibrated our focus to address newly emerging priorities and respond to heightened stakeholder expectations. This strategic realignment empowers us to address critical sustainability issues with greater precision and generate more substantial impact. Through this enhanced approach, we further strengthen our dedication to sustainable development that creates lasting value.

- Important
- Very Important
- Most Important



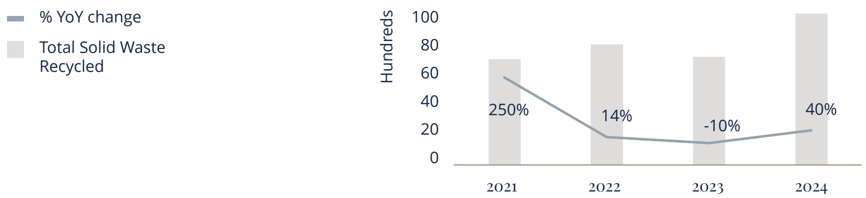
Environment

We are committed to reducing our environmental impact while embracing innovative solutions for a greener future. By focusing on efficient resource use and better waste management, we aim to balance growth with protecting the environment. The following metrics show our progress in cutting waste, boosting recycling, and supporting a circular economy, reflecting our responsibility as a corporate leader.

WASTE MANAGEMENT

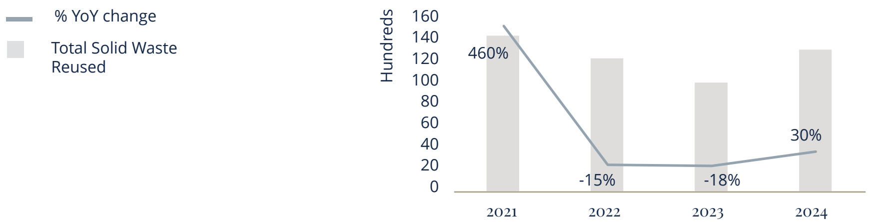
Total Solid Waste Recycled

A 40% increase in recycling efforts showcases the Company's progress in waste recovery and resource efficiency. By reducing landfill dependency, the company reinforces its commitment to sustainability and innovative waste management solutions.



Solid Waste Reused

The 30% rise in solid waste reuse showcases our focus on creating a circular economy. By repurposing waste into valuable resources, the Company demonstrates its dedication to reducing environmental impact and maximizing operational efficiency.

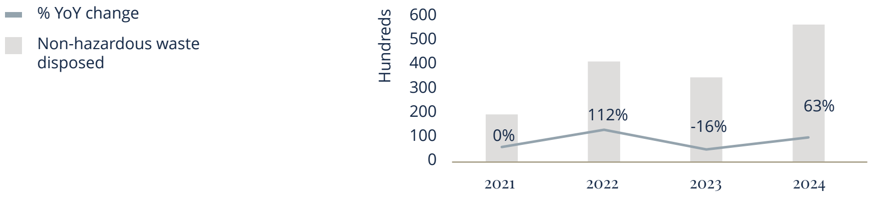


Environment (continued)

WASTE MANAGEMENT (CONTINUED)

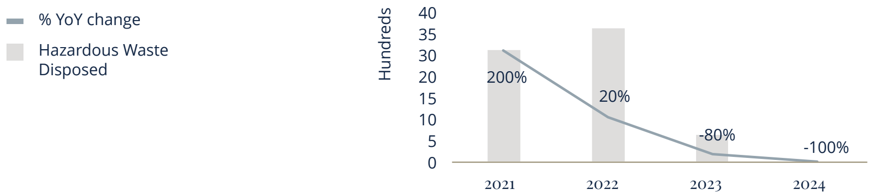
Non-hazardous waste disposed

The increase in non-hazardous waste disposal of 63% reflects our expanding operations and commitment to responsible waste management. By continuously enhancing disposal processes and focusing on sustainable waste handling, the Company ensures compliance with environmental best practices while minimizing its ecological footprint.



Hazardous Waste Disposed

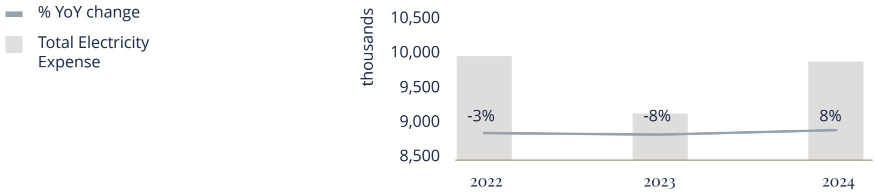
The complete elimination of hazardous waste - a 100% reduction reflects our commitment to minimizing environmental risks and ensuring sustainable operations.



ENERGY

Total Electricity Expense

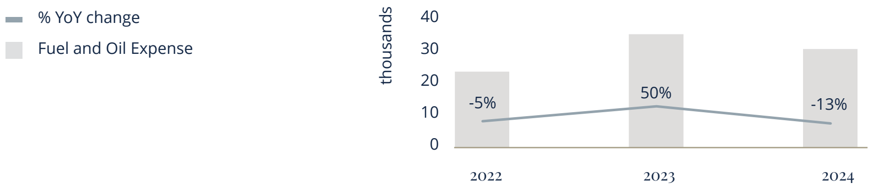
In 2024, total electricity expenses increased by 8%, reflecting business growth and expanding operations. As we continue to scale, energy demand rises, emphasizing the importance of efficiency enhancements and sustainable energy management. Our commitment to responsible consumption drives strategic energy optimization efforts, ensuring that operational expansion is balanced with effective resource utilization. Through smart energy solutions, infrastructure upgrades, and renewable energy initiatives, we remain focused on reducing long-term energy costs while maintaining operational efficiency. Moving forward, we will explore further innovations in energy-saving technologies to reinforce our commitment to sustainability.



Fuel and Oil Expense

The year 2024 marked a significant 13% decrease in fuel and oil expenditure, reflecting enhanced operational efficiency and strategic resource management. This reduction is a result of streamlined logistics, process optimization, and the adoption of fuel-efficient technologies, supporting our broader sustainability goals. By optimizing fuel usage and integrating alternative energy solutions, we continue to drive responsible energy consumption while maintaining cost efficiency.

Our focus remains on reducing dependency on conventional fuels, exploring sustainable energy alternatives, and adopting innovative solutions that align with both fiscal responsibility and environmental conservation. Looking ahead, we will further enhance energy efficiency measures, ensuring long-term resilience in resource management.



Social

Social responsibility is at the heart of our mission, driving empowerment, inclusivity, and stronger communities. We prioritize employee development, health, and well-being while fostering meaningful connections with customers and stakeholders. Through community engagement and customer-focused initiatives, we ensure that our growth creates a positive impact, reflecting our core values of trust, collaboration, and care.

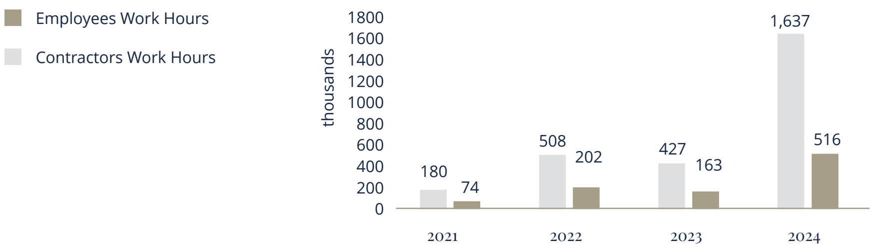
HEALTH AND SAFETY

Safety at Workplace

Safety isn't just a priority - it's a core value embedded in everything we do. With zero fatalities and minimal incidents, we have set a benchmark for secure and healthy work environments. Through rigorous protocols, ongoing training, and an unwavering commitment to well-being, we cultivate a culture where employees and contractors feel protected, valued, and empowered to thrive.

Work Hours

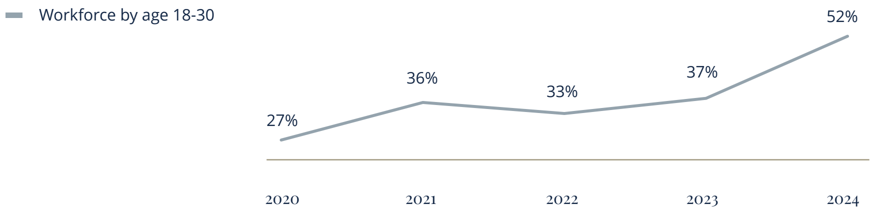
In 2024, total employee work hours increased to 515,535, while contractor hours reached 1,637,388, reflecting optimized workforce utilization, operational expansion, and enhanced efficiency. By strengthening capabilities and refining resource management, the Company continues to drive productivity and sustainable growth, reinforcing its leadership in the real estate sector.



WORKFORCE PROFILE

WORKFORCE BY AGE

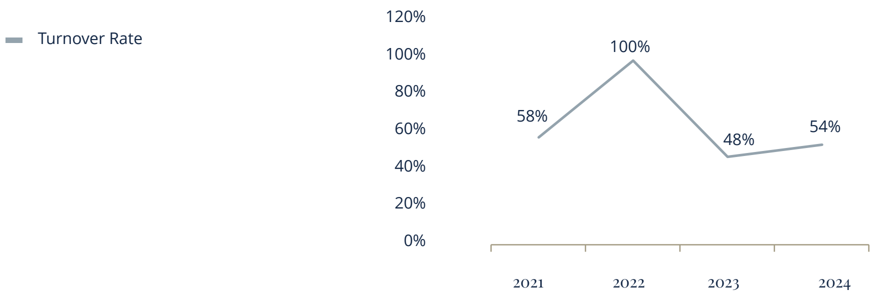
The rising proportion of employees aged 18–30, reaching 52% in 2024, underscores our commitment to cultivating a dynamic and future-ready workforce. This figure reflects the Company's strategic focus on attracting and retaining young professionals. By integrating fresh talent, we drive innovation, enhance agility, and strengthen our long-term vision for sustainable growth.



HIRING & TURNOVER

Retention and Turnover Trends

In 2024, we experienced a notable decline in employee departures, reflecting the success of enhanced retention strategies. This stability underscores the effectiveness of initiatives to reduce turnover, while continued focus on employee engagement will be essential to sustaining this positive trend.



Employment Diversity

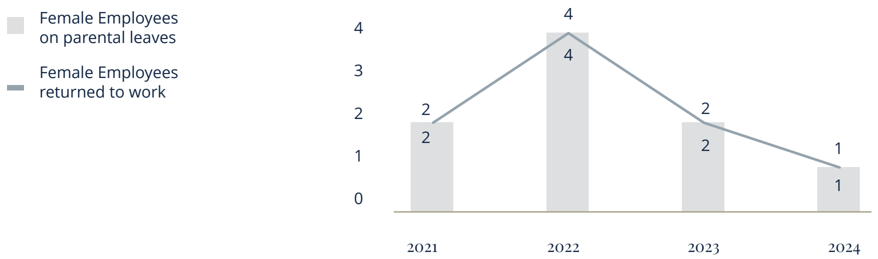
In 2024, our workforce comprised talent from 15 nationalities, reinforcing our commitment to inclusivity and diversity. This cultural richness fosters collaboration, drives innovation, and enhances our global perspective, contributing to sustained success in an interconnected world. By embracing a diverse workforce, we cultivate a vibrant, forward-thinking workplace where ideas and perspectives thrive.

EMPLOYEE ENGAGEMENT & WELLBEING

PARENTAL LEAVE

Number of female employees that took parental leave and returned to work

The trend in female employees taking parental leave and returning to work reflects our commitment to fostering a supportive work environment. While there has been a decline in both metrics in 2023 and 2024, it is important to note that those who are taking leave are also returning, indicating a strong reintegration process. Despite the decrease in numbers, maintaining robust parental leave policies remains crucial to ensuring employee well-being and a smooth transition back into the workplace.



Return to Work

Our perfect 100% return-to-work rate in 2024 demonstrates our unwavering commitment to our people. By fostering a workplace that genuinely supports working parents and embraces their journey, we have created an environment where careers flourish alongside families. This achievement underscores our broader dedication to nurturing talent and championing inclusive growth at every stage of life.

GRIEVANCE MECHANISM

Harassment Cases

The absence of harassment cases underscores our unwavering commitment to a workplace built on respect and dignity. This achievement reflects the effectiveness of our rigorous policies and proactive measures in fostering a safe, inclusive environment where every employee feels valued and protected.

Incidents of Discrimination

With no reported incidents of discrimination, we continue to uphold our principles of fairness and equality. Our commitment to diversity and inclusion fosters a workplace where every employee feels respected, valued, and a true sense of belonging.

HUMAN RIGHTS

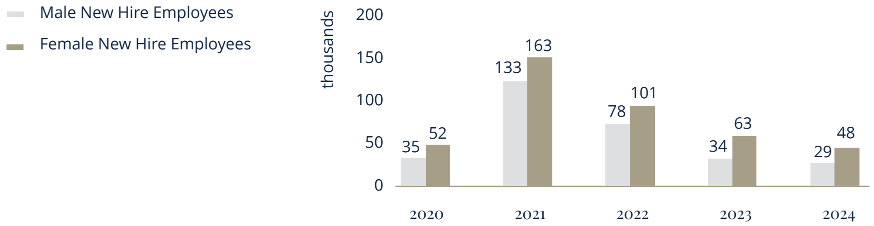
Due Diligence

We have implemented a robust human rights due diligence system to identify and mitigate potential risks across our operations. This initiative reinforces our unwavering commitment to international human rights standards while strengthening our ethical business framework. By embedding these practices, we uphold human dignity across all aspects of our business activities.

GENDER PROFILE

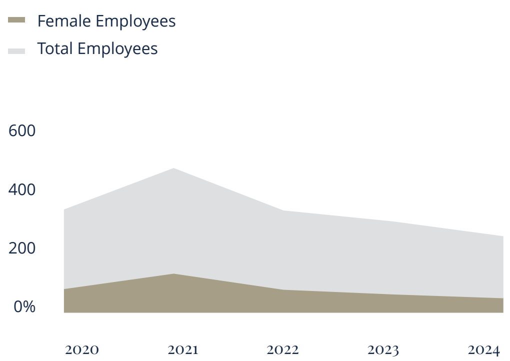
New Hire

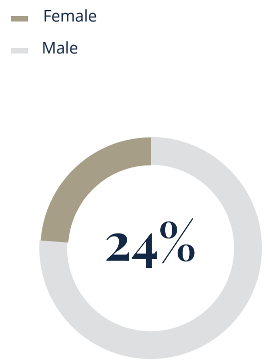
Our hiring practices reflect our commitment to gender equality by fostering a diverse and inclusive workforce. We actively seek to enhance female representation, ensuring that women have equitable opportunities to contribute and grow within the organization. By prioritizing fair and balanced recruitment, we reinforce our dedication to building a workplace where talent thrives regardless of gender, driving long-term success and innovation.



Full Time Employee Count

Female employees make up approximately 24% of our workforce, reflecting our ongoing commitment to gender diversity and inclusion.





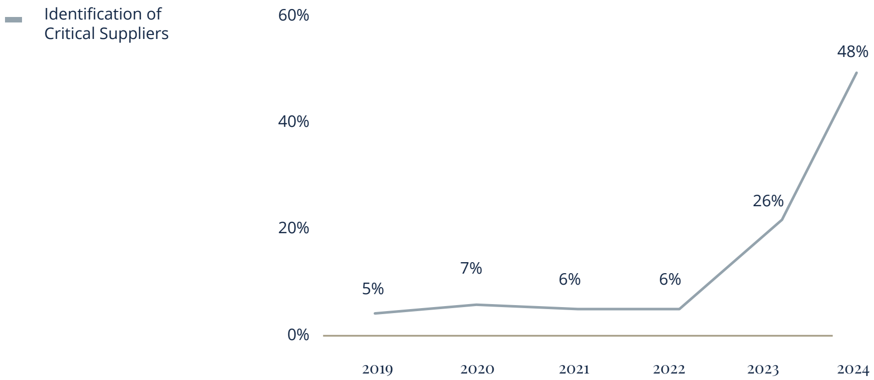
SUPPLY CHAIN

Supplier code of conduct

We maintain 100% compliance with the Supplier Code of Conduct, reinforcing our commitment to ethical sourcing, transparency, and integrity throughout our supply chain.

Identification of critical suppliers

Following a period of stagnation, the identification of critical suppliers has shown significant growth over the past two years, reaching 48% in 2024. This upward trend reflects a renewed focus on strengthening supply chain strategy. By actively identifying and prioritizing critical suppliers, we are enhancing operational resilience and fostering more efficient, reliable partnerships for sustainable growth.



Governance

We view governance as the backbone of our commitment to responsible business practices and sustained success. Our Board, consisting of independent and non-executive members, ensures decisions are made with the utmost transparency, fairness, and accountability. This governance model allows us to focus on long-term strategic goals while minimizing risks. In line with regulatory best practices, we fully comply with the Capital Market Authority Corporate Governance Regulations and relevant codes, reinforcing our adherence to the highest standards of governance, accountability, and shareholder protection. By nurturing a culture of integrity and trust, we create an environment that drives sustainable growth, fosters innovation, and strengthens our position as an industry leader.

BOARD OF DIRECTORS

1. Independent members of the Board of Directors

One-third (33.33%) of our board consists of independent directors who provide objective oversight and guidance, free from conflicts of interest. Their external expertise spans strategic, fiscal, and risk matters, ensuring decisions align with shareholder interests and long-term value creation.

2. Executive members of the Board of Directors

Aligned with best governance practices, our board does not include executive members. We entrust daily management to a highly qualified executive team, while the board maintains critical oversight responsibilities, including accountability, strategic guidance, and risk management.

3. Non-Executive members of the Board of Directors

Our board consists entirely of competent non-executive members with expertise spanning real estate, finance, sustainability and regulatory areas. Their independence allows them to objectively assess executive performance, provide strategic guidance, and oversee operations in the best interests of shareholders.

GOVERNANCE AND CYBERSECURITY RISK MANAGEMENT

1. Cybersecurity and Risk Management

We remain steadfast in our commitment to cybersecurity, successfully preventing any attempted cyberattacks in 2024. This reflects the effectiveness of its proactive security measures in safeguarding digital infrastructure and mitigating cyber risks. Furthermore, the Company ensures full compliance with the Essential Cybersecurity Controls regulations, reinforcing its adherence to national IT security standards and best practices. This commitment strengthens our resilience against cyber threats while upholding the highest levels of data protection and regulatory compliance.

2. Data Protection and Privacy

Our flawless record of zero data breaches and unwavering protection of customer information reflects our commitment to privacy excellence. Through state-of-the-art security measures and rigorous protocols, we continuously safeguard stakeholder trust and set new benchmarks for data protection in the industry.

3. Legal and Regulatory Compliance

Our strengthened compliance framework and robust risk management strategies have delivered outstanding results, reducing regulatory fines by 50% in 2024 to a historic low. Since peaking in 2021, fines have declined by 92.8%, underscoring our commitment to governance excellence and ethical business leadership.

What next in Our ESG Journey

SOCIAL

Employment
We remain committed to developing and retaining a skilled, engaged workforce by fostering a positive and empowering work environment. Our focus on professional growth ensures long-term employee satisfaction and a thriving workplace culture.

Emergency response drills conducted
As part of our ongoing commitment to workplace safety, we have successfully implemented enhanced emergency response drills, strengthening preparedness and equipping employees to handle emergencies effectively. Moving forward, we will continue to refine and expand these measures to bolster workplace resilience and ensure a secure environment for all.

Gender Equality in the Workforce
We are dedicated to fostering an inclusive and diverse workplace, ensuring equal opportunities for all employees. Our initiatives prioritize gender equality by reinforcing fair policies and practices at every level of the organization. As part of this commitment, we are actively working to surpass previous levels of female representation, creating greater opportunities for participation and career advancement.

Workforce Age Profile
Our workforce demographics are evolving, with younger employees now representing a larger proportion. While this aligns with modern workforce trends, we remain committed to maintaining a balance with experienced professionals to foster diversity in perspectives, knowledge, and skills.

ENVIRONMENT

1. Energy Efficiency & Emissions
While there was a notable increase in diesel consumption and total energy use in 2024, it reflects our growing operations, which present an opportunity for more energy-efficient practices. Moving forward, we are dedicated to optimizing energy consumption through innovative solutions and transitioning towards renewable energy sources, in line with our long-term environmental goals.

2. Water Stewardship
We are committed to implementing advanced water conservation measures across our operations, focusing on smarter management strategies to reduce consumption while maintaining quality. By prioritizing this essential resource, we contribute to long- term sustainability and help preserve water for future generations.

3. Waste Reduction Efforts
The increase in waste generation presents a chance to improve our waste management practices. We are focusing on more effective recycling processes and waste reduction strategies to decrease our environmental footprint. Our goal is to transition towards a circular economy model to minimize waste and maximize resource utilization.

4. Environmental Governance
Though we have not yet established a formal environmental policy, we are taking significant steps to implement one. This policy will serve as a framework for ensuring that our operations meet the highest sustainability standards, guiding our transition to a more environmentally responsible organization.

GOVERNANCE

1. Gender Diversity at Leadership Level
While the representation of women in leadership remains steady, we continue to prioritize gender diversity within our governance framework. Our goal is to progressively increase female leadership representation, ensuring decision-making at the highest levels benefits from diverse perspectives. Moving forward, our strategies will focus on expanding opportunities for women to lead, fostering a leadership team that more accurately reflects the society we serve.

2. Compliance with Laws and Regulations
We are committed to upholding the highest standards of governance, transparency, and regulatory compliance. As part of this commitment, we continuously strengthen our internal controls, procedures, and monitoring systems to ensure full adherence to evolving regulations. By proactively enhancing our compliance framework, we mitigate risks, reinforce stakeholder trust, and maintain a resilient corporate structure that aligns with best practices

3. Integrating ESG into Supply Chain Strategy
Although ESG integration in supply chain management is still in progress, it remains a key priority for the future. We are committed to gradually embedding ESG criteria across all aspects of our supply chain to ensure alignment with our long-term goals for environmental responsibility, ethical practices, and social equity. This approach will strengthen accountability among both internal and external stakeholders.

4. Sustainability Risk in Suppliers
We have made progress in reducing the percentage of high-risk sustainability suppliers. However, our commitment to sustainability remains unwavering. Moving forward, we will continue to work closely with our suppliers to ensure they meet the required environmental and social standards. By further enhancing our supplier sustainability assessments, we aim to reduce risk and improve the overall sustainability of our supply chain.


Financial Review

Message of the Chief Financial Officer

Philip Antony
CHIEF FINANCIAL OFFICER

"Our strategic priorities include delivering high-quality real estate developments, expanding our international footprint, and leveraging key partnerships to drive long-term success. With a strong financial foundation and a clear vision, we are well-positioned to navigate market shifts and capitalize on emerging opportunities."

As CFO, I am pleased to look back on another year of solid financial performance in 2024. The Company maintained its strategic momentum, demonstrating resilience and adaptability in an evolving market environment. Revenues increased by 39%, reaching SAR 3.8 billion, driven by our diversified portfolio and disciplined execution. Gross margins stayed strong at 43%, and net income increased by 32%, reaching SAR 807 million, highlighting the effectiveness of our financial strategy. Prudent liquidity management remained a key priority, strengthened our cash position to SAR 6.7 billion, reinforcing our financial resilience.

Over the course of the year 2024, we made significant progress across key residential and mixed-use developments. At Shams Ar Riyadh, infrastructure development resumed across the released zones, reinforcing its position as a key integrated community and shall strengthen our revenue diversity. Etoile Villas in Sedra, featuring Elie Saab-branded villas, progressed steadily and is nearing completion, with handovers to homeowners set as planned. In Makkah, Dar Al Mashaer witnessed strong demand following its full-scale refurbishment in 2023, leading to an increase in resident occupancy. Meanwhile, in Jeddah, construction at Shams Al Arous was finalized, and handovers commenced. Additionally, Buraidah Hills in Qassim reached major development milestones, bringing it closer to its completion. These achievements highlight our continued commitment to delivering high-quality developments and enriching communities across the Kingdom.

Dar Al Arkan continued to uphold a balanced funding strategy, ensuring strong liquidity and financial flexibility. Debt management remained a key priority, with SAR 1.0 billion allocated toward repayments, alongside scheduled repayments of bilateral financing facilities. By maintaining prudent fiscal governance and diversifying funding sources, Dar Al Arkan continues to mitigate risks while ensuring sustainable growth.

Our strong banking relationships and access to global capital markets provide the financial stability needed to support our strategic expansion.

Investor engagement remained a key priority in 2024, with a total of 515 interactions, including 8 investor conferences and earnings calls, as well as meetings with 143 different institutions.

These efforts reinforced transparency and strengthened relationships with both institutional and retail investors, ensuring alignment with stakeholder expectations and enhancing market confidence in our strategic direction.

Dar Al Arkan continued to advance its sustainability agenda with key improvements in environmental and resource management. Waste disposal practices were enhanced, leading to a more effective and responsible approach to waste management. Fuel consumption was significantly reduced, reflecting our commitment to energy efficiency and minimizing our carbon footprint. Additionally, we prioritized the protection and preservation of greenery and plantation efforts, ensuring our developments contribute to environmental sustainability.

We believe that the real estate sector in Saudi Arabia will continue to grow rapidly in the coming years, providing opportunities for the company to participate in sectoral growth while also gaining market share. Looking ahead, we remain focused on profitability, operational efficiency, and sustainable growth. Our strategic priorities include delivering high-quality real estate developments, expanding our international footprint, and leveraging key partnerships to drive long-term success. With a strong financial foundation and a clear vision, we are well-positioned to navigate market shifts and capitalize on emerging opportunities.

I appreciate the continued trust of our investors, partners, employees, and customers. Your collaboration strengthens our foundation, enabling us to seize opportunities, drive financial resilience, and shape the future of real estate.

1. Business Activities

Dar Al Arkan Real Estate Development Company is a Saudi Joint Stock Company which started its business in 1994 under Commercial Registration No. 1010160195 and converted to a joint stock Company in 2005 under Ministerial Decree No. 1021 dated 10/06/1426 HD, corresponding to 17/07/2005.

Operating primarily within the Kingdom of Saudi Arabia (KSA), Dar Al Arkan is regarded as leader in real estate development. To broaden its investment portfolio and secure a wider range of revenue sources, the Company has strategically established a network of limited liability companies.

2. The Company's Subsidiaries

Sr. No.	Company Name	Capital (SAR)	Principal Activity	Country of Incorporation	Ownership %	Commercial Registration	Entity Type	Status
1	Dar Al Arkan Properties (Real Estate) Company	500,000	Development and acquisition of the commercial and residential properties. Management, operations and maintenance of residential and commercial buildings and public facilities	Kingdom of Saudi Arabia	100%	1010254063	Limited Liability Company	Active
2	Dar Al Arkan Commercial Investment Company	500,000	Purchase and acquisition, lease of real estate investments	Kingdom of Saudi Arabia	100%	1010247585	Limited Liability Company	Active
3	Dar Al Arkan Sukuk Company	500,000	Real estate investment and development	Kingdom of Saudi Arabia	100%	1010256421	Limited Liability Company	Active
4	Sukuk Al Arkan Company	500,000	Management, maintenance and development of real estate, purchase of land and general contracting	Kingdom of Saudi Arabia	100%	1010274407	Limited Liability Company	Active
5	Dar Sukuk International Company	500,000	Real Estate investments and development	Kingdom of Saudi Arabia	100%	1010275448	Limited Liability Company	Active
6	Compass Project Contracting Company	100,000	Real Estate investments and developments, leasing, and property management	Kingdom of Saudi Arabia	100%	1010521509	Limited Liability Company	Active
7	Maaqel Real Estate Company	500,000	Real Estate, leasing and property management	Kingdom of Saudi Arabia	100%	1010600708	Limited Liability Company	Active
8	Bawadi For Real Estate Company	500,000	General Construction, purchase & sale, acquisition, leasing of real estate and property management	Kingdom of Saudi Arabia	100%	1010600710	Limited Liability Company	Legally closed its operations on 24/07/2024
9	Al-Enteshar Real Estate Company	500,000	Sale & Purchase, acquisition, leasing of real estate and property management	Kingdom of Saudi Arabia	100%	1010600709	Limited Liability Company	Legally closed its operations on 24/07/2024
10	Iktifa Real Estate Company	500,000	Sale & Purchase, acquisition, leasing of real estate and property management	Kingdom of Saudi Arabia	100%	1010600711	Limited Liability Company	Legally closed its operations on 25/07/2024
11	Dar Al Arkan For Real Estate Development LLC	1,020,000	Sale & Purchase, acquisition, development, leasing of real estate and property management	State of Qatar	100%	165584	Limited Liability Company	Legally disposed on 14/10/2024

3. Investments in subsidiary companies as defined by the rules of the Capital Market Authority ("CMA")

Sr. No.	Company Name	Capital (SAR)	Principal Activity	Country of Incorporation	Ownership %	Commercial Registration	Entity Type
1	Khozam Real Estate Development Company	540,287,280	Real estate development (development of Qasr Khozam Project)	Kingdom of Saudi Arabia	66.5%	4030193909	Limited Liability Company
2	Alkhair Capital	1,000,000,000	Undertaking underwriting, management, arrangement and financial advisory services (Except for the implementation of marginal deals)	Kingdom of Saudi Arabia	42.2%	1010264915	Closed Joint Stock Company
3	Dar Global PLC	6,750,810	Real estate activities i.e. development, buying and selling of own real estate	United Kingdom	88%	14388348	Public Liability Company

4. Description of company's activities and contribution to revenues

Prior to fiscal year 2023, Dar Al Arkan's operations included its international subsidiary, Dar Global PLC, which managed the company's international development projects. Following Dar Global's successful listing on the London Stock Exchange in February 2023, the international operations previously associated with Dar Global have been deconsolidated. As a result, our reported operations for the year 2023 primarily focus on activities within the Kingdom of Saudi Arabia. Dar Al Arkan mainly operates as four distinct divisions, as follows:

4.1 PROPERTIES DEVELOPMENT

Our Property Development activities include:

- LAND PROJECTS: We focus on the initial development of raw land, including essential infrastructure such as roads, utilities, and drainage systems. This prepares the land for further construction projects
- RESIDENTIAL AND COMMERCIAL PROJECTS: We develop both residential and commercial properties. This encompasses the entire process from initial planning and construction to the final sale of individual units within these projects.

During the fiscal year 2024 this division accounted for SAR 3,450 million, representing 91.78% of the Company's total revenues, as compared to SAR 2,571 million, or 94.98% in 2023.

Off-plan sales of the properties are in progress. For the year 2024, the Company recognized SAR 154 million from Off-plan sales of the projects.

4. Description of company's activities and contribution to revenue (continued)

4.2 ASSET MANAGEMENT

Property Management and Leasing is Dar Al Arkan's second largest division. Leasing and management of properties that the Group has retained as rental properties including commercial and residential units on its Master-Planned Communities for generating recurring revenues. In 2024, revenues generated in Asset Management amounted to SAR 143 million and represented 3.81% of Group revenues as compared to SAR 133 million and 4.92% of total revenues in 2023.

4.3 INVESTMENTS

These represent strategic investments in companies that the management believes are complementary to the Group's real estate development operations. This also includes investment in Dar Global PLC that is classified as associate and accounted for under equity method from the year 2023 upon successful listing to London Stock Exchange.

During 2024, the Company earned SAR 64 million as share of net profits from associates and joint ventures.

During 2024, the Company also earned Other Income of SAR265 million mainly representing profit from short term Islamic Deposits.

4.4 OTHERS

This represents revenue from the retail sales of luxury furniture and project management services from the inclusion of Compass whose status is changed from an associate to subsidiary during 2024.

Revenue of SAR 8 million was generated in 2024 from retail sales of luxury furniture compared to SAR 3 million in 2023. Whereas revenue from project management during the year 2024 was SAR 158 million.

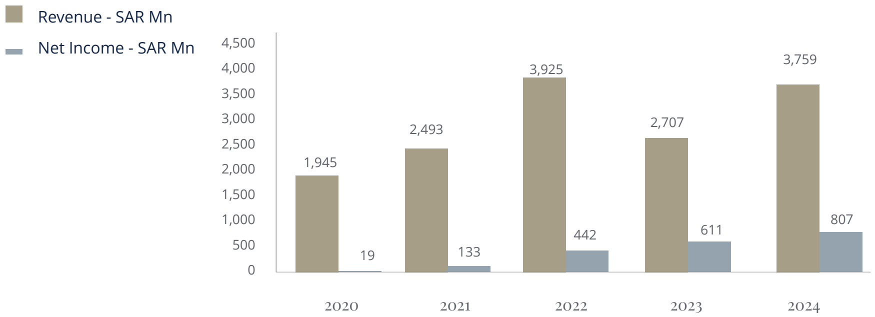
5. Financial Highlights

5.1 INCOME STATEMENT FOR THE FISCAL YEARS 2020 TO 2024

The following table illustrates the main income statement items for the last five years. This should be read in conjunction with the audited consolidated financial statements and accompanying notes.

Item (in SAR 000's)	2020	2021	2022	2023	2024
Revenues	1,944,854	2,493,078	3,925,499	2,707,100	3,759,022
Cost of revenue	(1,270,204)	(1,596,350)	(2,467,912)	(1,636,694)	(2,159,014)
Gross profit	674,650	896,728	1,457,587	1,070,406	1,600,008
Principal activities expenses	(171,332)	(211,945)	(357,934)	(205,096)	(265,901)
Net income from principal activities	503,318	684,783	1,099,653	865,310	1,334,107
Financing expense	(645,883)	(662,977)	(681,637)	(764,459)	(853,906)
Net other Income	161,944	113,636	170,370	525,567	328,332
Net income before Zakat	19,379	135,442	588,386	626,418	808,533
Zakat provisions	(585)	(2,922)	(146,666)	(15,660)	(20,595)
Net profit - continuing Operations	18,794	132,520	441,720	610,758	787,938
Net profit - discontinued operations	-	-	-	-	18,902
Net profit	18,794	132,520	441,720	610,758	806,840
Earnings per share - continuing operations	0.02	0.12	0.41	0.57	0.73
Earnings per share - discontinued operations	-	-	-	-	0.02
Earnings per share	0.02	0.12	0.41	0.57	0.75

TOTAL REVENUE AND NET INCOME FROM 2020 TO 2024



5. Financial Highlights (continued)

5.2 THE BALANCE SHEET FOR THE FISCAL YEARS 2020 TO 2024

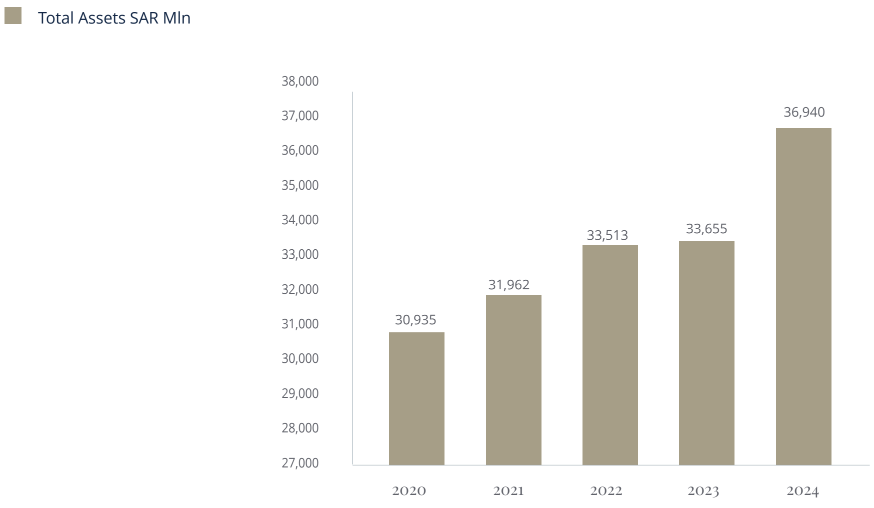
The following table illustrates the main balance sheet items for the last five years. This should be read in conjunction with the audited consolidated financial statements and accompanying notes.

Item (in SAR '000s)	2020	2021	2022	2023	2024
Current Asset	9,922,698	10,293,182	10,540,261	9,466,538	11,372,015
Non-current Asset	20,939,738	21,590,845	22,886,536	24,084,997	25,478,593
Fixed Asset	72,180	77,653	86,056	103,769	89,614
Total Asset	30,934,616	31,961,680	33,512,853	33,655,304	36,940,222
Current Liabilities	2,105,722	5,740,259	6,067,519	4,299,431	7,715,165
Non-Current Liabilities	9,802,714	7,061,791	7,841,206	9,063,992	8,124,343
Total Liabilities	11,908,436	12,802,050	13,908,725	13,363,423	15,839,508
Capital	10,800,000	10,800,000	10,800,000	10,800,000	10,800,000
Statutory and Other reserve	1,141,895	1,155,147	1,204,359	1,345,419	1,329,274
Retained earnings	7,084,285	7,204,483	7,599,769	8,146,462	8,965,334
Non-controlling interests	-	-	-	-	6,106
Total shareholders' Equity*	19,026,180	19,159,630	19,604,128	20,291,881	21,100,714
Total Liabilities and Shareholders' Equity	30,934,616	31,961,680	33,512,853	33,655,304	36,940,222
Book value per share*	17.62	17.74	18.15	18.79	19.54

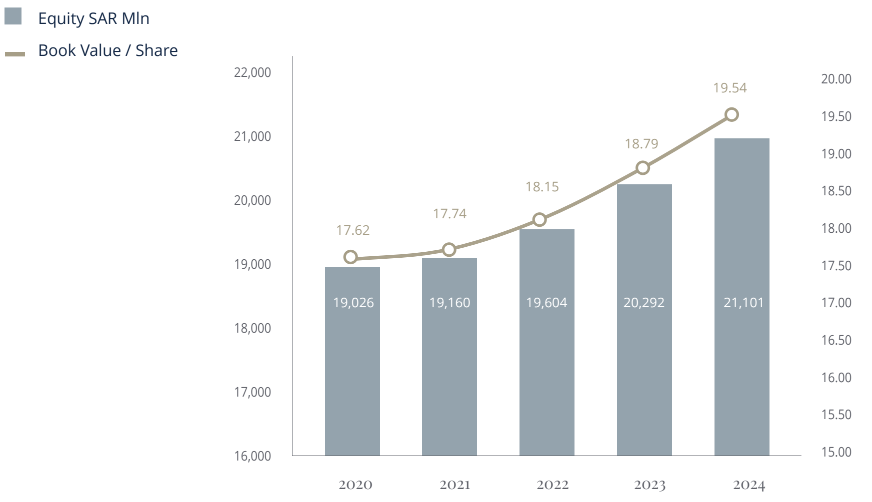
*Book value per share is calculated by dividing the total shareholders' equity by total number of outstanding shares at the end of each fiscal year.

Note: The Company discloses that for commercial and practical reasons, it registers some of real estate assets under the name of representatives or agents, in return for official documents against them evidencing the Company's ownership of these assets. This procedure is adopted by some local Saudi banks and companies. However, the Company only undertook this course of action following legal consultation that assures the soundness of this practice, which preserves the Company's shareholders' rights.

TOTAL ASSETS FROM 2020 TO 2024



SHAREHOLDERS' EQUITY AND BOOK VALUE PER SHARE FROM 2020 TO 2024



5. Financial Highlights (continued)

5.3 GEOGRAPHICAL ANALYSIS OF COMPANY REVENUE FOR THE YEAR 2024

SAR thousands

Location	Development properties	Lease	Residential developments	Others	Total
Western region - KSA	152,156	-	12,187	-	**164,343**
Central Region - KSA	34,218	143,286	149,370	7,821	**334,695**
Eastern - KSA	-	-	-	-	**-**
International	-	-	-	158,065	158,065
Investment	3,101,919	-	-	-	3,101,919
Total	**3,288,293**	**143,286**	**161,557**	**165,886**	**3,759,022**

The Company relies on diversification of its revenue from leasing of properties, sale of investments in lands and properties within Kingdom of Saudi Arabia. It is important to note that significant portion of revenue derives from the sale of investments in lands, which are not geographically based investments.

5.4 RESULTS OF OPERATIONS

The following table compares the results of operations for 2024 and 2023:

Item (in SAR 000's)	2024	2023	Change	Change %
Revenues	3,759,022	2,707,100	1,051,922	38.86%
Cost of revenue	(2,159,014)	(1,636,694)	522,320	31.91%
Gross Profit	1,600,008	1,070,406	529,602	49.48%
Principal activities expenses	(265,901)	(205,096)	60,805	29.65%
Net income from principal activities	1,334,107	865,310	468,797	54.18%
Financing expense	(853,906)	(764,459)	89,447	11.70%
Net other Income	328,332	525,567	(197,235)	-37.53%
Net Income before Zakat provisions	808,533	626,418	182,115	29.07%
Zakat provision	(20,595)	(15,660)	4,935	31.51%
Net profit - continuing operations	787,938	610,758	177,180	29.01%
Net profit - discontinued operations	18,902	-	18,902	N/A
Total Net profit	806,840	610,758	196,082	32.10%
Earnings Per Share	0.75	0.57	0.18	31.58%

5. Financial Highlights (continued)

REVENUES

Our total revenue for 2024 is SAR 3,759 million, reflecting an increase of 38.86% compared to SAR 2,707 million in 2023. This shift in revenue can be attributed to strategic adjustments in our sales approach.

BULK LAND SALES: We recorded an increase of 30.72% in bulk land sales, with revenue totalling SAR 3,102 million in 2024, compared to SAR 2,373 million in 2023. We expect favourable market conditions and strong growth potential in the future. By retaining these assets, we are well-
positioned to capitalize on this anticipated upside.

OTHER RESIDENTIAL PROPERTIES: Positively, sales of other residential properties exhibited a significant increase of 51.41%, with revenue of SAR 162 million in 2024 compared to SAR 107 million in 2023.

RENTAL REVENUE: Increased by 7.52%, reaching SAR 143 million in 2024, compared to SAR 133 million in 2023.

OFF-PLAN SALES: Recognition of revenue from off-plan sales projects saw a significant increase of 69.23% in 2024, reaching SAR 154 million against SAR 91 million in 2023.

COST OF REVENUE

Cost of revenue accounted for SAR 2,159 million in 2024 representing 57.44% of total revenue compared to SAR 1,637 million in 2023 representing 60.46% of total revenues. This increase is in accordance with increased revenue in 2024 compared to 2023.

SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Selling and general administrative expenses are SAR 266 million in 2024, compared to SAR 205 million in 2023, representing an increase of 29.65%. This increase is primarily attributable to the operating cost associated with the Project Management Company; Compass, acquired in the year 2024.

FINANCE CHARGES

Net finance charges of SAR 854 million in 2024, compared to SAR 764 million in 2023, an increase of 11.78%. This increase is primarily due to the higher interest rates in Saudi Arabia and globally over the course of the year, along with a greater exposure to borrowings.

NET OTHER INCOME

Net other income is SAR 328 million in 2024, compared to SAR 526 million in 2023. The significant decrease in net other income is mainly attributable to a significant decrease in our share of net profit from associates. Additionally, there was an improvement in profit from short term Islamic deposits, driven by higher deposit rates and gain on disposal of a subsidiary.

NET INCOME

Net income in 2024 is SAR 807 million compared to SAR 611 million in 2023. Earnings per share is SAR 0.75 in 2024, compared to SAR 0.57 in 2023. In summary, our net income experienced a significant increase primarily driven by an increase in revenue, improvement in profit from Islamic deposits, and gain on disposal of a subsidiary. This growth was partially offset by a decrease in our share of net profit from associates and higher finance costs.

LIQUIDITY AND CAPITAL RESOURCES

As of 31 December 2024, the Company had a cash and cash equivalents of SAR 6,725 million, compared to SAR 5,450 million as of 31 December 2023.

5. Financial Highlights (continued)

CASH FLOW

The following table sets out the Company's cash flows for the financial periods 2022 to 2024:

SAR millions

	2022	2023	2024
Funds from Operating Activities	460	1,426	814
Funds (used in)/ from Investing Activities	(14)	(1,173)	(836)
Funds from/ (used in) Financing Activities	1,330	(732)	1,297

The cash inflow from operating activities is SAR 814 million in 2024, compared to SAR 1,426 million in 2023. The decrease is primarily attributed to higher cash usage for the replenishment of development properties as compared to the previous year. Additionally, higher sales driven accounts receivable has contributed to lower funds from operating activities and higher servicing of finance costs.

The overall net outflow of cash in investing activities of SAR 836 million in 2024, compared to SAR 1,173 million in 2023.

The cash flow from financing activities is SAR 1,297 million, compared to SAR 732 million in 2023. This was primarily due to the availment of new Murabaha facilities of SAR 2,365 million. This was partially offset by the redemption of Murabaha of SAR 1,035 million, payment of transaction costs of SAR 19 million, and lease rentals of SAR 2 million.

PROJECTS AND INVESTMENT EXPENDITURES

The Company's priorities for expenditure on projects include building integrated residential developments and developing of existing lands. The Company spent SAR 2,836 million in 2024 primarily on replenishing the investment in land and developing projects for retail sales.

6. Debt Program

6.1 FINANCING STRATEGY

Dar Al Arkan's financial strategy primarily focused on matching its project investment cycle of five to seven years with the maturity profile of its funding. The company continues to diversify its sources of funding to avoid any dependency on any specific source. The company has successfully implemented its funding strategy, which is evident from the issuance of a series of local and international Shariah-compliant Sukuks. The company has issued thirteen Sukuks since 2007.

The total funds raised through Sukuk amounted to SAR 24.0 billion, of which SAR 16.5 billion had been repaid by the end of 2024. The remaining SAR 7.5 billion maturity is spread till 2029. Pursuant to its diversification strategy, the company has successfully established good relationship with local, regional, and international banks where it has achieved medium and long-term financing through Islamic Murabaha facilities for general corporate purposes. The total outstanding amount at the end of 2024 was SAR 11.5 billion including SAR 4.0 billion under the bank facilities.

The ratio of International Islamic Sukuks to total financing amount at the end of 2024 was 65.22%, whereas the Murabaha with local and regional banks were 34.78%. In future, the Company's financing strategy will continue to focus on further diversifying its sources of funding including, acquiring project specific financing from local and regional banks, as well as exploring International Sukuk markets. Additionally, the company continued selling off-plan properties, providing another source of funding directly from customers. The Company has also developed a portfolio of rental properties, which can be used as collateral for loans from financial institutions. Given the excellent track record, it will continue maintaining this relationship by accessing the domestic and international capital markets.

6.2 INDEBTEDNESS

All financing taken by the Company locally is Shariah-compliant and follow the structures of Murabaha transaction. Below is a description of the repayments and outstanding debts at the end of 2024.

6.2.1 Indebtedness details & increase in financing at the end of 2024

During 2024, the Company raised new Murabaha and other loan facilities from local Banks of SAR 2.4 billion and repaid some of the local bilateral Murabaha facilities amounting to SAR 1.0 billion.

				SAR millions				
Bilateral Islamic Facilities	**Settlement**	**Original Amount**	**Starting Date**	**Opening Balance**	**Addition During 2024**	**Paid During 2024**	**Closing Balance**	**Maturity**
Murabaha: Local Bank SAMBA	Quarterly settlement	600	Q2 2020	86	-	86	-	Q2 2024
Murabaha: Local Bank SAMBA	Quarterly settlement	600	Q3 2020	200	-	133	67	Q2 2025
Murabaha: Local Bank Saudi Arab Investment Bank	Bullet	150	Q2 2022	150	-	-	150	Q4 2027
Murabaha: Qatar National Bank	Half yearly settlement	250	Q1 2023	188	62	38	212	Q3 2024
Murabaha: Local Bank Saudi Arab Investment Bank	Half yearly settlement	800	Q2 2019	645	-	81	565	Q2 2032
Murabaha: Local Bank Saudi National Bank	Quarterly settlement	1,500	Q3 2022	1,000	-	500	500	Q3 2025
Murabaha: SICO (Escan Muscat)	Half yearly settlement	300	Q2 2022	255	-	45	210	Q4 2027
Murabaha: Bank Muscat	Half yearly settlement	150	Q2 2023	139	-	21	118	Q2 2030
Murabaha: ENBD - KSA Branch	Quarterly settlement	1,500	Q1 2024	-	1,500	126	1,374	Q2 2029
Commercial Loan: ENBD – UAE	Half yearly settlement	31	Q3 2024	-	183	4	179	Q1 2028
Commercial Loan: ENBD – USD	Half yearly settlement	99	Q3 2024	-	620	-	620	Q1 2028
Gross Total		**5,983**		**2,663**	**2,365**	**1,034**	**3,994**	

The ratio of gross debt to capitalization stood at 35.3% at the end of 2024.The closing cash balance increased to SAR 6.72 billion at the end of 2024 compared to SAR 5.45 billion at the end of 2023. The increase was primarily driven by higher borrowings from Murabaha, and improved payment terms with suppliers. However, increased spending towards purchase of bulk land, and rise in outstandings receivables from customers had an adverse in cash balance.

6.2.1 Indebtedness details & increase in financing at the end of 2024 (continued)

SUMMARY OF THE MURABAHA AND SUKUK DUE MATURITIES

SAR millions

Maturity	Outstanding balance	Murabaha	Sukuk
2025	3,345	1,095	2,250
2026	2,125	625	1,500
2027	2,487	987	1,500
2028	860	860	0
2028 onwards	2,677	427	2,250
Total	**11,494**	**3,994**	**7,500**

STATEMENT OF PAYMENTS DUE

SAR thousands

Item	2022	2023	2024
Payables	305,679	647,874	254,230
Accrued expenses	509,971	510,270	466,641
Indemnity	26,911	31,627	38,517
Dividend payable	35,309	8,307	8,292
Others	1,683,688	1,588,417	3,143,878
Total	**2,561,558**	**2,786,495**	**3,911,558**

7. Related party transactions

During 2024, the company entered transactions with related parties. The company followed the same procedures as with other non-related parties. These transactions are not limited to certain duration and are presented in the Annual General Meeting (AGM) to obtain the required approvals for the current year and the coming one. Following is a brief of these transactions:

SHL FINANCE COMPANY (SHL)

SHL Finance Company (SHL) is a related party, and the company had originally invested SAR 120 million representing a 15% equity stake. The common Board members between SHL and Dar Al Arkan is Mr. Yousef Bin Abdullah Al Shelash.

During Q2 2022, SHL has offered 30% of its paid-up capital to the public through an initial public offering and became a publicly listed company. Accordingly, as part of this IPO transaction, the Group disposed of its 4.5% holding and lost significant influence over SHL. Hence, the retained interest of 10.5% is classified as investments in financial assets.

In the ordinary course of business, the company enters transactions with SHL. These transactions were meant for financing Dar Al Arkan's customers to buy homes. The choice of SHL as a home loan provider is at the discretion of the customer. During 2024, there were sales of SAR 2,173 million which were paid off by SHL during the year and no outstanding balance to be paid or settled with this related party. This transaction was approved during the AGM on June 27, 2024.

KHOZAM REAL ESTATE DEVELOPMENT COMPANY (KDC)

Khozam Real Estate Development Company (KDC) is a related party as the company has 66.5% equity holding equivalent to 35,929,104 shares out of total equity of 54,028,728 shares and also has a common member in Board of Managers who are in the Board of Directors of Dar Al Arkan. The common management committee member is Mr. Yousef Bin Abdullah Al Shelash. The management of KDC requested that it invests its excess cash balance with Dar Al Arkan at a nominal profit rate repayable on demand. Opening balance as at beginning of 2024 amounted to SAR 187.83 million. During 2024 the company repaid SAR 0.12 million of this amount in advance; together with interest of SAR 0.96 million for its operational requirements. The closing balance as at 31 December 2024 was SAR 188.67 million. This transaction was approved during the AGM on June 27, 2024 and the company can repay the amount and close the balance anytime.

DAR GLOBAL PLC (DG PLC)

Dar Global PLC is a related party, and the company had originally invested SAR 1,255 million representing a 100% equity stake. The common Board members between DG PLC and Dar Al Arkan is Mr. Yousef Bin Abdullah Al Shelash.

During Q1 2023, DG PLC has offered 12% of its shares through a private placement. For the private placement the Company was valued at US$ 600 million. Dar group retained its original investment, as a result of new equity issuance, groups equity interest was diluted to 88% from 100% and been accounted as an associate.

During 2024 the company have arranged and extended loans and advances amounting to SAR 862.26 together with interest of SAR 9.66 million. The closing balance as at 31 December 2024 was SAR 862.26 million.

Investor Relations and Shareholder Information Review

Share Performance

Dar Al Arkan equity shares are listed on the Saudi Stock Exchange (Tadawul).

As at 31 Dec 2024, Dar Al Arkan had

SAR 10,800 million
in authorized capital

and issued

1,080 million shares

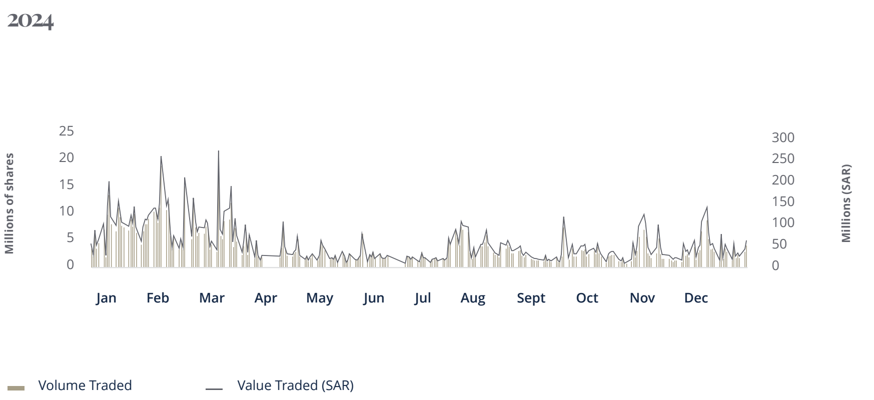
SHARE DATA PERFORMANCE (SAR)

End of the Year (31 Dec 2024)	15.10
End of 2023	14.20
End of 2022	11.62
52 Weeks High (11 Nov 2024)	17.84
52 Weeks Low (4 Jul 2024)	11.18

Absolute Annual Performance	8.48%
Annual Relative Performance vs Tasi	7.60%

DAR AL ARKAN SHARE PRICE (SAR)

DAR AL ARKAN VOLUME AND VALUE TRADED



Investor Communication

At Dar Al Arkan, Investor Relations (IR) takes the lead in communicating with the financial community, in particular; institutional investors, retail investors and covering analysts on the sell-side both for the equity and debt. Anchored in the regulatory requirements of the Capital Markets Authority (CMA) and international best practice, the IR department strives to provide optimal disclosures and transparency to shareholders through regular and periodic contact.

Investor Relations Activities

Dar Al Arkan participated in 8 investor conferences and earnings calls, met with 143 different institutions and had a total of 515 investor touch points both retail and institutional.

Investors Interactions

Category	Number
Conferences and Earning Calls	8
Institutions met	143

Investor Touch Points

Category	Number
Retail Investors	205
Institutional Investors	310
Total	**515**

In addition, the IR Department organized our fourth online General Assembly meeting, in compliance with the regulatory instructions given the global pandemic, which was held on Jun 27, 2024.

The IR department maintained the IR section of the corporate website and the IR App for Dar Al Arkan to offer investors multiple channels to access up-to-date financial information and stock price data.

Investor Information

The Investor Relation Department receives the essential suggestions and comments of shareholders and investors on an ongoing basis and presents them to the Executive Management and Board of Directors on a regular basis. The Board of Directors responds to shareholders and investors' inquiries during the General Assembly meetings and also outside the General Assembly within the limits of the applicable disclosure policies and in a manner that ensures that no harm may result from such disclosure. The Investor Relation Department also distributes Tadawul reports and bulletins on a regular basis.

BELOW TABLES ARE INFORMATION ABOUT INVESTORS IN TERMS OF TYPE AND NATIONALITY OF INVESTORS AS OF 31 DEC 2024:

TYPE OF INVESTORS

Type	No of investors	Shares	%
Institutions	524	931,795,264	0.86
Retail	73,215	148,204,736	0.14
Total	**73,739**	**1,080,000,000**	**100%**

NATIONALITY OF INVESTORS

Nationality	No of investors	Shares	% of Total
Saudis	71,332	955,959,900	0.89
GCC	150	7,581,474	0.01
Foreign	2,257	116,458,626	0.1
Total	**73,739**	**1,080,000,000**	**100%**

Shareholder Register Requests

NUMBER OF REQUESTS FOR SHAREHOLDER REGISTER FROM TADAWUL

Number	Date of requests received	Request's reason
1	07/Jan/2024	Company procedures
2	18/Jan/2024	Company procedures
3	28/Jan/2024	Company procedures
4	15/Feb/2024	Company procedures
5	21/March/2024	Company procedures
6	27/June/2024	The General Assembly Meeting
7	06/Nov/2024	Company procedures
8	15/Dec/2024	Company procedures

Dividend Policy

According to the Company article of association, CMA corporate governance code and its regulations and Companies' Law and its regulations

1. The General Assembly, upon the proposal of the Board of Directors, may allocate a certain percentage of net profits to establish a reserve, to be designated for purposes specified by the General Assembly. The competent authority shall establish regulations for the formation of reserves.
2. Reserves designated for specific purposes in the company's Articles of Association may only be utilized pursuant to a resolution of the Extraordinary General Assembly. If a reserve is not designated for a specific purpose, the Ordinary General Assembly, upon the proposal of the Board of Directors, may decide to utilize it for the benefit of the company or the shareholders. The competent authority shall establish regulations for the utilization of reserves.
3. When determining the share of net profits attributable to each share, the Ordinary General Assembly, upon the proposal of the Board of Directors, may decide to establish other reserves, to the extent that this serves the company's interests or ensures the distribution of stable dividends to the shareholders, as much as possible. The aforementioned Assembly may also deduct amounts from net profits to achieve social purposes for the company's employees.
4. The Ordinary General Assembly may utilize retained earnings and distributable reserves to settle the remaining amount or a portion thereof of the share value, provided that this does not prejudice fairness among shareholders in accordance with the provisions of the Law.
5. Based on the recommendation of the Board of Directors, the General Assembly shall determine the percentage of net profits to be distributed to the shareholders after deducting reserves, if any.
6. Based on the recommendation of the Board of Directors, annual or interim dividends may be distributed to shareholders from distributable profits, after fulfilling the controls specified by the executive regulations and relevant requirements issued by the competent authorities in this regard, including an authorization issued by the Ordinary General Assembly to the Board of Directors to distribute interim dividends.
7. A shareholder is entitled to their share of profits in accordance with the resolution of the General Assembly issued in this regard. The resolution shall specify the entitlement date and the distribution date. Entitlement to profits belongs to the owners of shares registered in the shareholders' register at the end of the designated entitlement date. The Board of Directors must implement the General Assembly's resolution regarding the distribution of profits to shareholders within the period specified by the Implementing Regulations of the Companies Law pertaining to listed joint-stock companies.

Corporate Governance

Board of Directors

The current board of directors of the company, which was elected on 23/6/2022 until 22/6/2025, consists of

6 members

4 non-executive members

2 independent members

The Board and Committees were formed in accordance with the articles of association of the company, the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations issued by the Capital Market Authority, and the relevant regulations.

Yousef Abdullah Al Shelash

CHAIRMAN

Yousef Bin Abdullah Al Shelash is the founder and chairman of Dar Al Arkan Real Estate Development Company. His experience lays in strategic planning and is a foremost real estate development expert. In addition, he is also the Chairman of SHL Finance Co. "SHL" and Chairman of Alkhair Capital Saudi Arabia. Mr. Al Shelash holds a Bachelor degree in Islamic Law from Imam Muhammad bin Saud Islamic University, and a Diploma of Studies in Procedural Systems from the Institute of Management.

Majed Bin Abdulrahman Al Qasem

VICE CHAIRMAN

Majed Bin Abdulrahman Al Qasem is the vice chairman of Dar Al Arkan Real Estate Development Company. His experience lays in Strategic Planning, real estate development, investment management and control, as well as regulations, risk and governance. Mr. Al Qasem is also the vice chairman of the board of Alkhair Capital Saudi Arabia. Mr. Al Qasem holds a Bachelor degree in Islamic Law from Imam Muhammad bin Saud Islamic University, and a Diploma of Studies in Procedural Systems from the Higher Judicial Institute.

Board of Directors (continued)

Hethloul Bin Saleh Al Hethloul

MEMBER

Hethloul Bin Saleh Al Hethloul is a member of the board of Dar Al Arkan Real Estate Development Company. He was also a member of the board of Alkhair Bank – Bahrain from 2004 till 2016, and a member of the board of Alkhair Capital Saudi Arabia (until 10 October 2018) and formerly served as a member of the board of SHL Finance Co. "SHL" (November 2007 - April 2018). His expertise is in real estate investment, finance and valuation, and strategic planning. Mr. Al Hethloul holds a Diploma in Business Science. In addition, holds specialized courses in committee management, risk, strategic management, corporate governance, boards of directors and practical tools for strategic guidance and management control.

Dr. Abdulaziz Bin Ibrahim Al Mana

MEMBER

Dr. Abdulaziz Bin Ibrahim Al Mana is an independent member of the board of Dar Al Arkan Real Estate Development Company. Dr. Al Mana was also a University Professor, a former Minister of State in the Council of Ministers, and a former member of the Shoura Council. His expertiseis in strategic planning, engineering education and management systems. Dr. Al Mana holds several degrees including: a Bachelor degree in Civil Engineering, University of Santa Clara, USA, a Master of and Ph.D. in Civil Engineering from Stanford University, USA. He has many Literatures and researches, received several medals, and participated in local, regional and international conferences and seminars.

Tariq Bin Mohamed Al Jarallah

MEMBER

Tariq Bin Mohamed Al Jarallah is a member of the board of Dar Al Arkan Real Estate Development Company. He served on the Board of Directors of the SHL Finance Co. "SHL" from 2007 to 2018. He is a founding partner of Al Khair Holding Group Ltd. at Dubai World Centre in the United Arab Emirates. His expertise is in land planning and valuation of real estate, and areas of preparing feasibility studies, modern management methods, developing the necessary plans and preparing time studies in the field of marketing, real estate sales, market study and consumer need as well as supervision of architectural projects. He holds a Diploma in Accounting and Business Sciences. In addition, he holds training courses in the fields of strategic planning, corporate governance, boards of directors.

Abdulrahman Saleh Alsawi

MEMBER

Abdulrahman Saleh Alsawi is an independent member of the board of Dar Al Arkan Real Estate Development Company. He has a General Education and has more than 24 years of practical experience in infrastructure development, development and investment in real estate projects. He has experience in managing residential, commercial and hotel real estate. He also has proven experience in managing land development and value creation. He has special background in real estate valuation and appraisal.

Executive Team

Anand Raheja
CEO

Mr. Raheja was promoted to the role of Chief Executive Officer (CEO) in June 2019. He previously held the position of Chief Financial Officer (CFO) from May 2018 till June 2019. He has more than 32 years of experience working with the largest real estate companies and accounting and auditing firms in the Middle East, US, UK, and India. Mr. Raheja holds a Master's degree in Finance from New York University.

Mohammed Al Motawakil
COO

Mr. Al Motawakil has been with Dar Al Arkan since 2022 and is the Chief Operating Officer (COO) where he is driving strategic sales, enhancing product features, and bridging organizational gaps to boost revenue. Mr. Al Motawakil is a seasoned passionate leader with 22 years of experience in international and local markets real estate development, investments, operations, and business development across various industries. Mr. Al Motawakil holds a Bachelor's degree in Finance and International Business from George Washington University and a Master's in Real Estate Management from American University.

Philip Antony
CFO

Mr. Antony has been with Dar Al Arkan since 2008 and got promoted several times and currently holds the position of Chief Financial Officer (CFO) since June 2019. He leads several key company initiatives, including Sukuk issuances and syndicated financing programs. Prior to joining Dar Al Arkan, Mr. Antony spent 16 years in senior corporate finance and management roles with Sonata Software Ltd and Novell Inc. Mr. Antony holds a Master of Commerce degree from the University of Calicut and is a Chartered Accountant from India.

Abdullah AlSaeed
INVESTOR RELATIONS SENIOR MANAGER

Mr. Alsaeed has been with Dar Al Arkan since 2018 and is the Senior Manager of the Investor Relations department where he is acting as the liaison between the company and the public on financial matters. He offers 14 years of experience in Investor Relations and Finance. Mr. Alsaeed holds a Bachelor's degree in Business Administration from Valparaiso University, USA. He is also a Certified Life Coach from the International Coaching Federation. Mr. Alsaeed is known to be the first Saudi national to ski on the North Pole.

Membership of the Board

#	Name	Capacity	Membership
1	Yousef Bin Abdullah Al Shelash	Chairman	Non-executive
2	Majed Bin Abdulrahman Al Qasem	Vice Chairman	Non-executive
3	Tariq Bin Mohamed Al Jarallah	Member	Non-executive
4	Hethloul Bin Saleh Al Hethloul	Member	Non-executive
5	Dr. Abdulaziz Bin Ibrahim Al Mana	Member	Independent
6	Abdulrahman Saleh Alsawi	Member	Independent

Interest in contractual securities and underwriting rights

Below table is a description of any interest in contractual securities and underwriting rights of Board of Directors and senior executives and their relatives in the shares or debt instruments of the company or any of its affiliates and any change in that interest or rights during 2024.

Name	Capacity	No. of Shares at the beginning of the year	Ownership at the beginning of the year (%)	Change in the No. of shares during the year	Total Shares at the end of the year	Ownership at the end of the year (%)	Nature of Ownership
Yousef Bin Abdullah Al Shelash	Chairman	-	-	-	-	-	Direct
Majed Bin Abdulrahman Al Qasem	Vice Chairman	639,154	0.06%	(639,154)	-	-	Direct owned by direct relative
Tariq Bin Mohamed Al Jarallah	Board Member	3,000	0.0003%	-	3,000	0.0003%	Direct
Hethloul Bin Saleh Al Hethloul	Board Member	1,368	0.0001%	-	1,368	0.0001%	Direct
Dr. Abdulaziz Bin Ibrahim Al Mana	Board Member	2,000	0.0002%	-	2,000	0.0002%	Direct
Abdulrahman Saleh Alsawi	Board Member	-	0.00%	-	-	-	Direct
Anand Raheja	CEO	-	-	-	-	-	Direct
Philip Antony	CFO	-	-	-	-	-	Direct
TOTAL		**645,522**	**0.0606%**	**(639,154)**	**6,368**	**0.0006%**	

Meetings Attendance

BOARD MEETINGS REGISTER

#	Name	Meeting Register				Total
		2 June	7 November	3 December	17 December	
1	Yousef Bin Abdullah Al Shelash	√	√	√	√	4
2	Majed Bin Abdulrahman Al Qasem	√	√	X	√	3
3	Hethloul Bin Saleh Al Hethloul	√	√	√	√	4
4	Tariq Bin Mohamed Al Jarallah	√	√	√	√	4
5	Dr. Abdulaziz Bin Ibrahim Al Mana	√	√	√	√	4
6	Abdulrahman Saleh Alsawi	√	√	√	√	4

BOARD MEMBERS GENERAL ASSEMBLY MEETINGS REGISTER 2024

#	Name	27 June
1	Yousef Bin Abdullah Al Shelash	√
2	Majed Bin Abdulrahman Al Qasem	√
3	Tariq Bin Mohamed Al Jarallah	√
4	Hethloul Bin Saleh Al Hethloul	√
5	Dr. Abdulaziz Bin Ibrahim Al Mana	√
6	Abdulrahman Saleh Alsawi	√

Board Committees

The Board comprises of three committees: Executive, Audit and Remuneration and Nominations committee. The formation of these committees is as follows:

THE EXECUTIVE COMMITTEE

The Executive Committee formation and meetings register:

#	Name	Capacity	Meeting Register				Total
			19 March	30 May	7 November	17 December	
1	Yousef Bin Abdullah Al Shelash	Chaiman	√	√	√	√	4
2	Tariq Bin Mohamed Al Jarallah	Member	√	√	√	√	4
3	Majed Bin Abdulrahman Al Qasem	Member	√	√	√	√	4

COMMITTEE'S RESPONSIBILITIES AND MEETINGS

The Committee shall perform its duties in accordance with the articles of the Corporate Governance Regulations issued by the Capital Market Authority. The committee monitors the implementation of the company strategy by overseeing the preparation of the operational plan and its execution; reviews and recommends the adoption of the Company's values, vision, goals and policies that determine the Company's overall approach to executing its work; pursue financing plans in respect of the Company's investments; provides advice in relation to investments including engagement in mergers and/or joint ventures and/or obtaining project financing; ensures the proper allocation of resources for the implementation of the Company's strategies such as funding and human resources; develops criteria for selecting the CEO and senior executive staff and to supervising its implementation; reviews and evaluates the performance of the executive management in achieving the goals of the set strategy and monitors and addresses any deviations; reviews and evaluates strategic plans in order to evaluate and modify them when necessary according to market information and internal requirements; reviews periodic reports presented by the executive management that relate to the Company's competitive situation and organizational, financial and technical factors which may affect the Company's long term strategy; approves the recommendations of the human resources policies and regulations; reviews and evaluates the market and competitive trends put forward by the executive management and assess its impact on the Company's business. The Committee held four meetings during 2024.

Board Committees (continued)

THE AUDIT COMMITTEE

The Audit Committee formation and meetings register:

#	Name	Capacity	Meeting Register				Total
			18 March	14 May	4 August	7 November	
1	Tariq Bin Mohamed Al Jarallah	Chaiman	√	√	√	√	4
2	Hethloul Bin Saleh Al Hethloul	Member	√	√	√	√	4
3	Majed Bin Abdulrahman Al Qasem	Member	√	√	√	√	4
4	Abdulrahman Saleh Alsawi	Member	√	√	√	√	4

THE COMMITTEE'S RESPONSIBILITIES AND MEETINGS

The Audit Committee has the authority to monitor the Company's business and shall have the right to inspect its records and documents and to request any clarification or statement from the members of the Board of Directors or the Executive Management. The Committee shall perform its duties in accordance with the articles of the Corporate Governance Regulations issued by the Capital Market Authority. The Committee performs its approved functions, including supervising the Company's internal audit department and studying its report, in addition to the study of annual financial statements, the accounting policies adopted and recommending the Board of Directors to nominate the auditors of the company, dismiss them, determine their remunerations and studies the reports of the regulatory authorities on the company's compliance with the regulations and instructions. The employees of the company are able to provide their observations regarding any violation of the company's internal regulations. The committee submits its recommendations to the board of directors. The Audit committee held four meetings during 2024. The committee discussed and reviewed the quarterly and annual financial statements for the year 2024 and passed their recommendations to the Board. There is no conflict between the Audit Committee's recommendations and the Board of Directors' decisions during the year 2024. There is no recommendation from the Audit Committee to appoint an internal auditor due to the presence of an internal auditor in the company.

The Nominations and Remuneration Committee

THE NOMINATIONS AND REMUNERATION COMMITTEE FORMATION AND MEETINGS REGISTER:

#	Name	Capacity	Meeting Register		Total
			30 May	17 December	
1	Dr. Abdulaziz Bin Ibrahim Al Mana	Chaiman	√	√	2
2	Yousef Bin Abdullah Al Shelash	Member	√	√	2
3	Majed Bin Abdulrahman Al Qasem	Member	√	√	2

THE COMMITTEE'S RESPONSIBILITIES AND MEETINGS

The Committee shall perform its duties in accordance with the articles of the Corporate Governance Regulations issued by the Capital Market Authority. The committee provides recommendation to the Board of Directors to nominate for Board membership; annual review of the appropriate skills needed for Board membership and provides a description of the capabilities and qualifications required for membership; reviews the structure of the Board of Directors and recommends necessary changes identifying weaknesses and strengths; confirms periodically the independence of members and absence of any conflict of interests in the event of another Company Board membership; develops clear policies and criteria for Board members and senior executive remuneration according to performance criteria. The Committee held two meetings during 2024.

Board Undertakings

THE BOARD OF DIRECTORS UNDERTAKES THE FOLLOWING:

- Proper accounting books have been maintained.
- The system of internal control has been effectively implemented.
- There are no significant doubts concerning the Company's ability to continue as a going concern.
- There is no competing business for the company or for any of the branches of the activity that it practices, which is practiced or was practiced by any member of the board of directors.

Risk Factors

Risk management policies

The Company has adopted appropriate risk management policies and procedures to manage operational, financial, market-related and other risks. Risk management is an integral part of the company's activities and decision-making processes. The company aims to secure an acceptable balance between risks and returns as the company seeks to achieve its business goals. The company's Risk Management Framework applies risk standards, which follow a logical and systematic approach to determine, analyze, assess, treat, monitor and report the significant risks that are faced by the company and to take appropriate decisions and promptly respond to risks or potential opportunities that have an impact on the company's competitiveness. Risks by their nature can cause unforeseen outcomes and following risk management processes is not by itself a guarantee that all risks can be mitigated to ensure that they do not have any impact on the business.

The risks that the Company may face and commensurate management and control policies

The following section describes the principal risks facing the company and our efforts to mitigate them. It should be noted that there could be no assurance that these efforts will be successful in mitigating these risks, wholly or partly. It should also be noted that the following section is intended to be only a summary and there are numerous other risks, which could materially affect the company's financial condition and operational results adversely.

PRICE FLUCTUATION

The company cannot control the market prices of its real estate products, and the market fluctuations in product prices may directly affect revenues. This effect can be positive in times of rising product prices, or can be negative when product prices decline, leading to a significant impact on profitability and cash flows.

In general, the Company seeks to mitigate this risk by providing cost-effective products and to satisfy the requirements of tenants and / or buyers. The excess supply of real estate products in the market, with low prices, might lead high-cost real estate developers to exit the market, while cost balanced companies could maintain their position in the market as they continue to operate with a positive cash margin.

COUNTRY RISK

Country risk refers to the risk of investing in a foreign country, arising from possible changes in the business environment that may adversely affect operating profits or the value of assets in that country. This risk is the result of a drastic change in local policies, laws and regulations in foreign countries, which could adversely affect the expected returns from investment in real estate or projects.

The company frequently undertakes adequate investment studies of foreign investment opportunities and invests in the most stable countries in line with the objectives and strategy of the company's growth, provided that these investments/projects are implemented in accordance with adequate control procedures.

CYBER SECURITY

Cyber-attacks and security breaches may threaten the integrity of our intellectual property and other sensitive information, disrupt operations and activities, and result in material damage, reputational harm and other negative consequences that could have material adverse impact on our financial condition and the results of operations.

The company has expert IT staff and contracts specialist consultants that specialize in protecting and securing information, constantly reviewing security threats and looking for opportunities to enhance information security.

PROJECT DEVELOPMENT AND EXECUTION

Project identification, development and execution phases might be exposed to material risk. Ineffective development or execution of a key project can compromise the capital expenditure budget and schedule, and consequently affect the company's profitability, growth prospects, reputation, and overall financial health.

To minimize these risks, development and investment decisions in respect to the current and new projects are executed and monitored using a “Stage Gate” project system to ensure that the current or new projects properly account for the costs, risks and expected returns of the investment. During execution, project managers including third party expert companies are used to manage progress to ensure project completion on budget, quality and schedule. This includes providing monthly completion reports and capital expenditure reports to the executive management to monitor progress, identify slippage and propose remedial action.

MARKETING

In case of market decline, the company faces the risk of insufficient clients (decrease in demand) for all its real estate products (residential or commercial). Also delay in leasing and / or selling real estate products may have a negative impact on the company's profitability and cash flows.

To minimize these risks, the Company seeks to diversify its product portfolio to meet the market conditions as much as possible and to reach the possible tenant and / or the buyers using effective marketing tools such as direct or indirect and electronic marketing.

HEALTH, SAFETY AND SECURITY

The Company's real estate products or projects may have inherent health, safety and security risk that could result in serious personal injury or other operational and financial losses.

The company seeks to mitigate these risks through implementing the health and safety procedures in all sites in accordance with local recognized health and safety standards. The company has a system of reporting and all incidents are reviewed with the goal of drawing lessons and preventing recurrence.

COST OF FUNDING

The cost of financing has reached acceptable levels in the recent years. There is no absolute assurance that this situation will continue. Any significant increase in financing costs could have a negative impact on profitability and cash flows.

The Company seeks to ensure that its debt facilities are of an appropriate size and structure for the business and regularly monitors changes in the costs of funding.

CREDIT RISK

Credit risk can be defined as a loss of value of an asset as a result of a failure by a customer or a counter party to such commercially valid and legally enforceable contract to comply with its obligations. The general sales policy of the company is "No Credit" terms, but in some cases there are enhanced payment schedules or staggered payments to selected customers which have been accommodated. In such cases the company has an exposure of credit risk with respect to the amount due from those customers. However, in such cases the company holds back the final delivery or possession of the property to mitigate the risk until the full amount due is paid to the satisfaction of the contract. The monitoring and follow up of balances is completed regularly and as a result the company's exposure to losses is limited. With respect to the credit risk exposure of other financial assets, namely, due from related parties, bank deposits and trade and other receivables, the maximum credit of the company is limited to their carrying values, in case there is a failure of the other party to meet its obligation. As of the reporting date, the company does not have significant credit risk concentration with any single party or a group.

COMMISSION RATE RISK

Commission rate risk is associated with a change in the commission rate available when renegotiating financial instruments that are influenced by the current global financial market conditions.

- The company is exposed to commission rate risk with respect to its floating commission covenants agreed for its long term Islamic Murabaha (revolving credit) facilities obtained from local banks. The short-term revolving borrowings' rates are renegotiated at every renewal proposal to achieve the best possible commission rate to reflect the given financial credentials and related risk perception of the company.
- The company has a specific shariah' compliant commission rate swap contract to manage its commission rate risk. The company's international borrowing commission rates are primarily based on LIBOR and its local borrowings are based on SAIBOR. Hence, the commission exposure of the company is variable according to the changes in the LIBOR and SAIBOR. The commission rate sensitivity analysis is performed based on the commission rate exposure of the company for floating rate liabilities outstanding at the reporting date. The calculations are done on floating commission rates assuming the liabilities outstanding for a whole year as at the reporting date.
- The net profit of the company for the reported year would have been affected as a result of changes in floating commission rates. If there is any capitalization of borrowing costs directly attributed to projects in progress, there would be timing differences on such an impact to the company's current profit and loss account and the current impact would be nil as there is no capitalization for the current year, as explained in note 2.9 in the audited financial statements.

LIQUIDITY RISK

Liquidity risk can result from a difficulty to meet the financial commitments and obligations of the company as per the agreed terms and covenants.

To mitigate the liquidity risk and associated losses of business and brand value opportunities; the company, where possible, keeps sufficient liquid assets in all business conditions. The company refrains from funding its long term capital requirements through short term borrowings and related party current account transactions. Currently the long term projects are funded from long term or revolving borrowings only. The company also has a dynamic cash flow assessment policy and system by which it an estimate and plan the maturities as well as required resources to meet such obligations.

FOREIGN CURRENCY RISK

Foreign Currency risk is associated with the change in the value of the carrying value in the functional currency due to the variation of the underlying foreign currency obligation or right by way of transaction or translation reasons. The functional currency of the company is the Saudi Riyal that is pegged against the US Dollar with a fixed exchange rate of 3.75 Saudi Riyal per US Dollar. Since transactions, other than US Dollars, are negligible; the company does not assume any significant foreign currency risk.

PRICE RISK

Price Risk is associated to the fair value or future cash flows of a financial assets/securities that will fluctuate because of changes in market prices. It primarily stems from investments in securities' trading. The Group has limited exposure to price risk with such risk arising from investments in securities carried at fair value. However, the position in investments in securities, considering current and expected future economic trends, is regularly reviewed.

Governance and Regulation

Corporate Governance

According to corporate governance regulation issued by the Capital Market Authority, the Board of Directors has approved Dar Al Arkan's corporate governance regulations taking into consideration the rights of shareholders, customers, employees, all stakeholders, as well as enhancing relations with them, and preserving their interests. Under the corporate governance regulations, the company is committed to the principles of transparency and disclosure, the activation of the Board and the executive management roles, while identifying their responsibilities and training on an on-going basis. The company also seeks to ensure the mechanisms that enhance the effectiveness of internal control and risk management, in addition to complying with corporate governance regulations issued by the Capital Market Authority, and adopting best practices in governance to boost the corporate culture, and implement sound management rules in the company. Such actions ultimately reflect company's desire to work hard to meet the highest levels of governance, setting an example as a national company. The Board of Directors strives to achieve the objectives through the Board's active committees; the Executive, Audit and Remunaration, and Nominations committee.

It is worth mentioning that the company has applied all the required articles of the corporate governance regulations issued by the Capital Market Authority. Dar Al Arkan's corporate governance regulations have therefore been prepared in the light of the globally acknowledged principles of sound corporate governance and should be viewed as the basis for corporate governance within the Company. They should, also, be considered within the context of the broader legislative framework in force in Saudi Arabia, and in particular, the stipulations of the following:

- **The requirements of the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and its regulations issued by the Board of the Capital Market Authority pursuant to Resolution Number (8-16-2017) Dated 16/5/1438H corresponding to 13/2/2017G amended by Resolution of the Board of the Capital Market Authority Number 1-7-2021 Dated 1/6/1442H corresponding to 14/1/2021, and any new amendments to the Corporate Governance Regulations issued by the Board of the Capital Market Authority, and**

- **The Companies' Law of Saudi Arabia No. M/3 dated 28/01/1437H and associated ministerial directives of the Ministry of Commerce and Investment, and any new amendments to this system and the executive regulations of the Companies System for listed joint stock companies issued by the Capital Market Authority, and**

- **The amended Dar Al Arkan's Articles of Association.**

The provisions of the Corporate Governance Regulations unless applicable, and the reasons for this

The Company applies all the mandatory provisions of the Corporate Governance Regulations issued by the CMA, with no exception for any mandatory provision.

Remuneration and compensation

REMUNERATION POLICY FOR BOARD MEMBERS, BOARD COMMITTEES AND EXECUTIVE MANAGEMENT

The remuneration of the members of the Board of Directors and the members of the committees shall be determined according to the policy of the company, taking into account the statutory conditions and the need to attract the best expertise for membership of the Board of Directors to ensure the efficiency and effectiveness of the company's performance. The remuneration policy is in line with the companies law and other related regulations in the Kingdom. Also for the senior executives, including the CEO and the CFO, financial rewards are paid according to the company's policy. The policy includes the following items:

POLICY GOALS

The remuneration and compensation regulation for Board of Directors, Committees, and executive management aims to define clear criteria for remuneration and compensations that are approved and disbursed according to performance and ensure disclosure and verification of policy implementation. It also aims to attract competencies and maintain their motivation. The General Assembly has the right to amend this policy at any time. This policy may be modified after its issuance, provided that, the General Assembly approves any amendment at its first meeting following the change.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES:

- The board of directors must take into account in determining and disbursing remuneration obtained by each of its members, the relevant provisions mentioned in the Companies Law and the Corporate Governance regulations, in addition to the following criteria::
    - The remuneration must be fair and commensurate with the member's powers, actions and responsibilities undertaken and assumed by the members of the Board of Directors, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES: (CONTINUED)

- The remuneration should be based on a recommendation from the Remuneration and Nomination committee.
- The remuneration should commensurate with the company's activity and the skill needed to mange it.
- Taking into consideration the sector in which the company operates, its scale and the experience of the members of the Board of Directors.
- The remuneration is reasonably sufficient to attract, motivate and retain Board members with appropriate competence and experience.

- The members of the board of directors may not vote on the item of remuneration of the members of the Board of Directors at the General Assembly Meeting.
- A member of the board of directors may obtain a remuneration for any additional business, executive, technical, administrative or advisory positions – under a professional license – assigned to him by the company. This is in addition to the remuneration that can be obtained as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and the Company's Article of Association.
- The remuneration of the members of the board of directors may be of varying amount to reflect the member's experience, terms of reference, tasks assigned to him, his independence, the number of sessions he attends and other considerations.
- The remunerations of independent members of the board of directors should not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company.
- If the General Assembly decides to terminate the membership of a member of the board of directors due to his absence from attending three consecutive meetings of the board without a legitimate excuse, this member is not entitled to any remuneration for the period following the last meeting he attended, and he return all the remunerations that were disbursed to him for that period.
- the board of Directors determines and approves the membership bonuses of its committees, attendance allowances and other benefits based on the recommendation of the remuneration and Nominations Committee in line with the company's bylaws, the company's articles of association and the regulations and instructions in force from the relevant authorities.
- the remuneration of the members of the board and the membership of the committees may be an annual lump sum and/or attendance allowances for the sessions and/or benefits in kind and/or a percentage of the net profits in accordance with the relevant regulations and two or more of the above may be combined upon the recommendation of the remuneration and Nominations Committee.
- provided that the amount of the meeting Attendance Allowance is (5000) five thousand Saudi riyals for each session of the council and committees.

REMUNERATION OF THE EXECUTIVE MANAGEMENT:

- The remuneration should be fair and commensurate with the powers, actions, and responsibilities of the members of the executive management, in addition to the objective set by the board of the directors to be achieved during the fiscal year.
- The Remuneration and Nomination Committee should evaluate the salary scale for executive management positions in accordance with the job description and the general market and comparison criteria for other similar companies.
- On the recommendation of the Remuneration and Nomination Committee, the Board of Directors determine the types of remuneration granted to the senior executives of the company. For example: fixed remuneration, performance related remuneration and incentives, in a manner that does not conflict with controls and regulatory procedures issued to joint-stock companies.
- The remuneration of senior executives should be consistent with company's strategic objectives and commensurate with the company's activity and the skills needed to manage it, taking into consideration the sector in which the company operates and its scale.
- The Remuneration and Nomination Committee reviews the incentive schemes for senior executives consistently and submits the recommendation to the Board of Directors for approval.
- The Remuneration aims to provide the competitive situation required to attract and retain qualified employees and maintain the high level of skills that the company needs.

REMUNERATION PAID AND DUE TO MEMBERS OF THE BOARD OF DIRECTORS AND COMMITTEES AND REMUNERATION PAID TO THE TOP FIVE SENIOR EXECUTIVES FOR THE FISCAL YEAR 2024.

The following table shows the total remuneration paid and due to members of the Board of Directors and committees and the remuneration paid to the top five senior executives, including the CEO and CFO, for the fiscal year 2024. These amounts are disclosed in aggregate figure to ensure that no harm may result from such disclosure.

Description (in '000 Saudi Riyal)	Executive Board members	Non-executive/independent Board members	Top five Senior executives (including CEO and CFO)
Salaries and compensation	-	-	6,989
Allowances	-	-	2,560
Periodic and annual bonuses	-	-	572
Incentive plans	-	-	-
Any other compensations or incentives paid monthly or annually	-	2,085	-
End of service contribution	-	-	796

Penalties and Fines for the year 2024

Fine	Fine reasons	Amount (SAR)	Signed by	Ways to treat it and avoid its occurrence in the future
Cleaning at the Qasr Mall	Insufficient cleaning activities at Al Qasr Mall	250	Jadah company	The violation was paid and the mall's cleanliness will be monitored continuously in the future.
Parking for the disabled at Al Qasr Mall	There are parking spaces designated for the disabled, but they lack modern requirements, which are painting the entire parking space.	2,000	municipality	The requirements were fulfilled by the mall management and the violation was paid.
Workers' housing at the Qasr Mall	Incomplete requirements of workers' housing and licenses by the tenant	26,000	municipality	The penalties were charged to the tenants and paid by them, and they are committed to complete the requirements.
Electricity meter at the Qasr Mall	Electricity meter tampering at the Qasr Mall by the tenant	5,000	Electricity company	The fine for the violation charged to the tenants and follow up with them until payment

Internal Audit

The Internal Audit is one of the important departments in Dar Al Arkan, which drives the Companies internal control policies and process and foster the corporate governance and accounting process. In recognition of its critical role, and to guarantee its independence and objectivity, the Internal Audit functionally reports to the Audit Committee. The department applies the international standards for the professional practice of internal auditing issued by the Institute of Internal Auditors in Florida, USA. The internal audit staff is certified by the Institute of Internal Auditors. The internal audit department provides independent, objective advisory services for the purpose of adding value and improving the company's operations where it helps the company achieve its goals by adopting a systematic and disciplined methodology that aims at reviewing and improving the effectiveness of risk management process, compliance to relevant laws and regulatory bodies, financial data security, internal controls and corporate governance.

The Internal Audit provides the Audit Committee and senior management with relevant, objective and timely information, and it evaluates not only the company's current situation but also provides the officials and Board of Directors with the necessary data they need to discharge their responsibilities and take the appropriate financial and executive decisions. The objectives that Internal Audit department is pursuing include helping company employees carry out their jobs efficiently, providing them with assessment, recommendations, and all information relevant to audit activity while boosting effective control and leverage the cost-effective execution of all the company's operations.

During 2024, the Internal Audit department implemented the approved Internal Audit Plan and worked very closely with other departments to achieve their objectives by providing them with appropriate recommendations related to the procedure enhancement of the company's operations and policies. The Internal Audit department succeeded to improve the effectiveness and efficiency of the internal control system, ensure the compliances, and to enhance the performance and monitoring of internal controls as well as providing support and assistance to other departments to help them attain their objectives.

Internal Control

The internal control system at Dar Al Arkan represents an integrated process implemented by the Company's management and staff. The system is designed to mitigate risk, improve efficiency and effectiveness of all the Company's operations, ensuring accuracy and reliability of the Company's financial statements and compliance with laws and regulations to safeguard the company assets from loss, damage or misuse.

Features of the internal control system

THE CONTROL ENVIRONMENT IN THE COMPANY

The organizational structure is the framework for control of the Company where lines of responsibility and authority are allocated to clearly define the relations within the organization and therefore strategy and investment structure.

INTERNAL CONTROL PROCEDURES

The internal control procedures include administrative and accounting controls along with internal rules of the Company. These procedures are reflected in a series of policies and procedures approved by the Company in accordance with applicable laws and regulations.

Internal Audit (continued)

Results of the effectiveness of the company's internal controls in the annual audit

The Company applies all the mandatory provisions of the Corporate Governance Regulations issued by the CMA, with no exception for any mandatory provision;

- The functions of the internal audit department include assessing the adequacy and effectiveness of the design of the Company's internal control, risk management and governance system. Also, focusing on the risks that could affect the company's business using the risk-based audit methodology. Management applied the International Standards of Internal Auditing.

- The Internal Audit Department is objective and independent. The Internal Audit Department is functionally and administratively reporting to the Audit Committee. The Internal Audit Department has the appropriate authority to obtain information, documents and interviews with staff.

- During the year 2024, the Internal Audit Department performed periodic reviews according to the approved annual plan. The Internal Audit Department carried out the planned audits for 2024, in addition to the management's involvement in the implementation of some special assignments.

- Scope of work: The scope of internal audit work in 2024 included an examination of the adequacy and effectiveness of the Company's internal control system to verify whether the Company's internal systems provide reasonable assurance to achieve the Company's objectives. The scope of work included the following:

    - Audit and periodic inspection of the departments that work in the company during appropriate periods.
    - Inform and submit the audit results to departments under audit in order to verify the necessary procedures.
    - Evaluate the plans and procedures provided by departments to address the audit observations and recommendations covered in the audit report. In case of insufficient corrective actions, the internal audit department may re-discuss the plans and recommendations with concerned departments to ensure the efficiency and adequacy of the measures taken.

Audit committee opinion

Based on the internal audit results and the external auditor's reports during 2024, the executive management of the company has maintained an effective system of financial, operational, and administrative controls and there is no material weakness as a result of replying on the integrity of the financial and accounting systems and its financial reporting. Also, the executive management implemented corrective actions, where those actions can reduce the misuse of the company's assets and its activities, relating to all the observations and recommendations raised by the Internal Audit Department to the Audit Committee. Therefore, the Audit Committee provided a reasonable basis for the efficiency and effectiveness of the company's internal control systems, however, it is not possible to provide absolute assurance about the review and assessment of the internal control procedures.

Consolidated Financial Statements and Independent Auditor's Report

Dar Al Arkan Real Estate Development Company Saudi Joint Stock Company

Dar Al Arkan Real Estate Development Company
Saudi Joint Stock Company

Consolidated Financial Statements and Independent Auditor's Report For the year ended 31 December 2024

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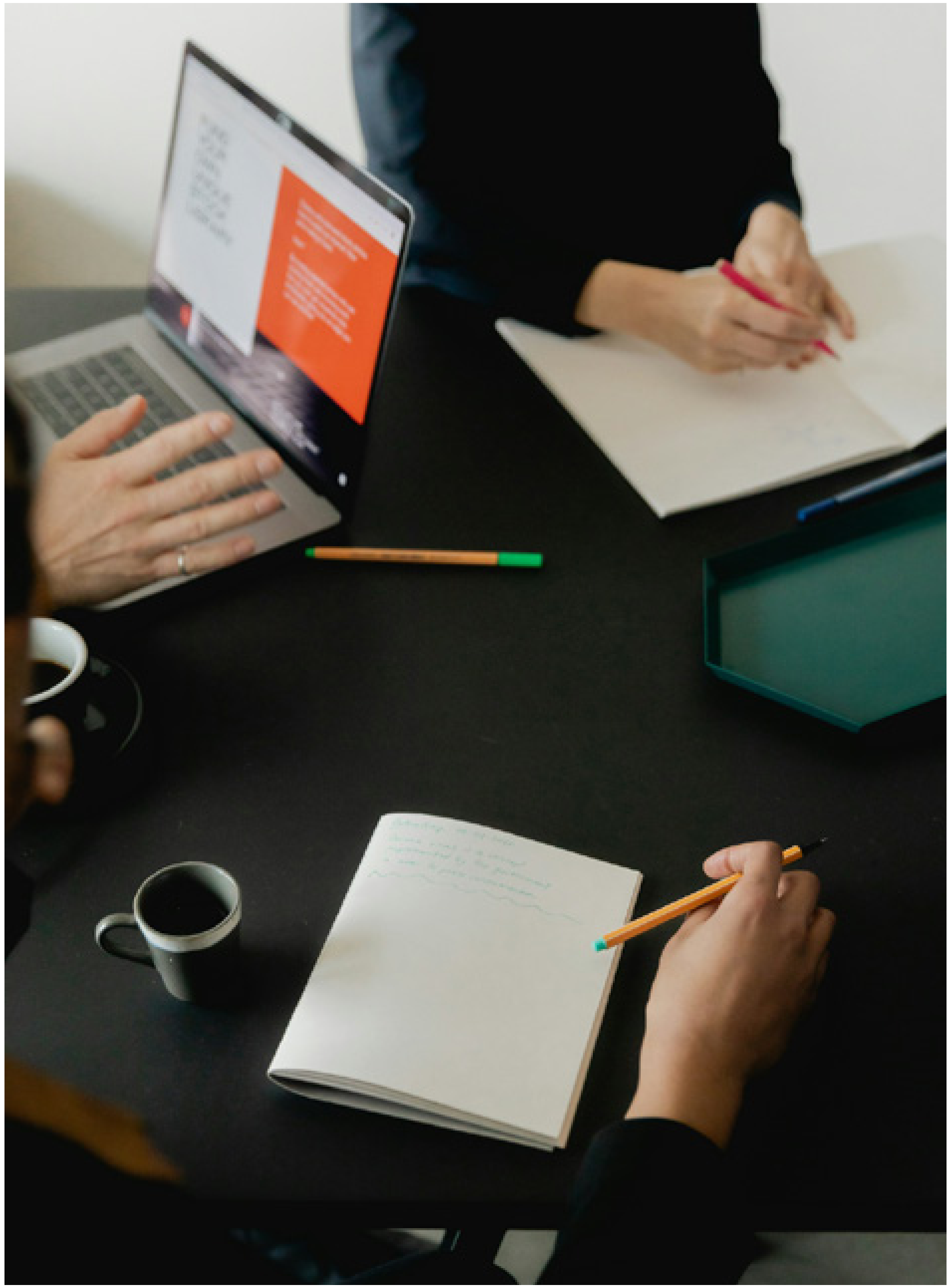

LYCA

Alluhaid & Alyahya Chartered Accountants
A Limited Liability Company
Paid up capital SR 100,000 - CR: 1010468314
Kingdom of Saudi Arabia Riyadh King Fahd Road,
Muhammadiyah District, Grand Tower 12th Floor

Independent Auditor's Report

To the Shareholders of Dar Al Arkan Real Estate Development Company (A Saudi Joint Stock Company)

OPINION

We have audited the consolidated financial statements of Dar Al Arkan Real Estate Development Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (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 the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with that Code. 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.

Independent Auditor's Report (Continued)

To the Shareholders of Dar Al Arkan Real Estate Development Company (A Saudi Joint Stock Company)

KEY AUDIT MATTERS (CONTINUED)

For each key audit matter, a description of how our audit addressed the matter is set out below:

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of Development Properties	
The Group maintains development properties for the purpose of development and sale in its ordinary course of business. As at 31 December 2024, the carrying amount of such development properties is SR 20.99 billion (31 December 2023: SR 20.4 billion). All development properties (held for development or sale) are initially recognized at acquisition cost and subsequently re-measured at the lower of cost and net realizable value. During the year, the Group's management and directors conducted an internal tolerance evaluation on its development properties portfolio to identify the existence or indication of possible impairment. This internal tolerance evaluation is based on the market indications and margins achieved on similar parcels of properties. The impairment of development properties is considered as a key audit matter because this involves significant judgment and estimates and where the change in the Group's estimate of the margin and average accounting rate of return could materially affect the valuation of the properties held for development and sale in the Group's consolidated financial statements. *The Group's accounting policy for development properties is disclosed in note 2.7, the significant accounting estimates, assumptions and judgments relating to development properties are disclosed in note 3 and related disclosures about development properties are included in note 6 of the accompanying consolidated financial statements.*	• We assessed the appropriateness of valuation methods and assumptions, and estimates used by management in the internal evaluation process; • We assessed the competence and capability of management personnel in the evaluation process; • We have engaged in discussions with management and evaluated the relevant assumptions used based on market data where possible; • We have tested the appropriateness of the key inputs used in the valuation of development properties such as margin and average accounting rate of return; • We have benchmarked the key assumptions used by management with external and internal data such as comparable real estate transactions and the Group's actual sale transactions; • We tested sensitivity analysis that considered impact of changes in assumptions on outcome of the impairment assessment; • We have ensured the consolidated financial statements contain adequate disclosures regarding the methods and assumptions used in the impairment assessment including the sensitivity analysis.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of Investment Properties	

Investment properties are stated in the Group's consolidated financial position at cost less depreciation and impairment (if any).
 	
As at 31 December 2024, the carrying amount of such investment properties is SR 983 million (2023: SR 1.0 billion). The fair value of the investment properties amounting to SR 1.46 billion (2023: SR 1.49 billion) is disclosed in the notes to the consolidated financial statements.
 	
The Group's management has estimated the fair value of its investment properties on 31 December 2024, through an independent valuation expert with a recognized professional qualification and experience in the real estate sector.
 	
The fair value of investment properties has been estimated using the income capitalization method. Annual cash flows are estimated by extrapolating and reconciling the current rental income based on their optimal occupancy and then capitalizing it at an annual rental rate of 6-8% between the leased residential and commercial properties in order to reach the estimated fair value shown in the note 5 to the consolidated financial statements.
 	
The impairment of investment properties is considered a key audit matter because of its significant reliance on a range of assumptions including expected lease values, occupancy rate and income capitalization rate.
 	
The Group's accounting policy for investment properties is disclosed in note 2.6, the significant accounting estimates, assumptions and judgments relating to investment properties are disclosed in note 3 and related disclosures about investment properties are included in note 5 of the accompanying consolidated financial statements.
	• We agreed the value of all the properties held at the year end to the valuation included in the independent management expert valuation report;
	
	• We evaluated the competency, capabilities and objectivity of work performed by the independent management expert;
	
	• On sample basis, with the help of our independent expert, we performed the following:
	
	  • We assessed the appropriateness of valuation methods and assumptions, and estimates used by management in the investment properties valuation process;
	
	  • We engaged in discussions with management and assessed the relevant assumptions used based on market data where possible;
	
	  • We tested the appropriateness of the key assumptions used in the valuation of investment properties such as income capitalization rate, operations costs, expected rental value and occupancy rate;
	
	• We tested sensitivity analysis that considered impact of changes in assumptions on outcome of the impairment assessment;
	
	• We have ensured the consolidated financial statements contain adequate disclosures regarding the methods and assumptions used in the for the purpose of impairment assessment including the sensitivity analysis.

Independent Auditor's Report (Continued)

To the Shareholders of Dar Al Arkan Real Estate Development Company (A Saudi Joint Stock Company)

OTHER INFORMATION INCLUDED IN THE GROUP'S 2024 ANNUAL REPORT

Management is responsible for the other information. The other information comprises the information included in the Group's 2024 annual report but does not include in the consolidated financial statements and our auditor's report thereon. The Group's 2024 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 2024 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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and the provisions of Companies' Law and the Company's Bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As part of an audit in accordance with 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.

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

For Alluhaid & Alyahya Chartered Accountants

Saleh A. Al-Yahya
Certified Public Accountant
License No. 473

Riyadh: 18 Ramadan 1446H
(18 March 2025G)

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Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Consolidated Statement of Financial Position as at 31 December 2024

	Notes	2024 SR 000	2023 SR 000
ASSETS			
Non-Current Assets			
Investment properties, net	5	983,000	1,028,213
Long-term development properties	6	20,877,265	20,261,809
Property and equipment, net	7&23a	89,614	103,769
Investments in associates and joint ventures	8	2,628,356	2,603,245
Investments in financial asset	9	190,890	191,730
Loan to a related party	24	799,082	-
Total non-current assets		25,568,207	24,188,766
Current Assets			
Short-term development properties	6	111,874	111,478
Trade receivables and others	10	4,503,476	3,882,659
Inventories		31,993	22,568
Cash and cash equivalents	11	6,724,672	5,449,833
Total current assets		11,372,015	9,466,538
TOTAL ASSETS		36,940,222	33,655,304
LIABILITIES AND SHAREHOLDERS' EQUITY			
Non-current liabilities			
Borrowings-non-current portion	12	8,085,826	9,032,365
End of service indemnities	13	38,517	31,627
Total non-current liabilities		8,124,343	9,063,992
Current Liabilities			
Borrowings-current portion	12	3,337,932	1,047,940
Trade payables and others	14	4,061,716	2,942,702
Zakat provision	15a	315,517	308,789
Total current liabilities		7,715,165	4,299,431
TOTAL LIABILITIES		15,839,508	13,363,423
Shareholders' equity			
Share capital	16	10,800,000	10,800,000
Statutory reserve		1,341,178	1,260,395
Other reserves		(11,904)	85,024
Retained earnings		8,965,334	8,146,462
Equity attributable to equity holders of the parent company		21,094,608	20,291,881
Non-controlling interests		6,106	-
Total shareholders' equity		21,100,714	20,291,881
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,940,222	33,655,304

Authorised Board of Directors Member   Chief Executive Officer   Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 December 2024

	Notes	2024 SR 000	2023 SR 000
CONTINUING OPERATIONS			
Revenue	17	3,759,022	2,707,100
Cost of revenue	18	(2,159,014)	(1,636,694)
GROSS PROFIT		1,600,008	1,070,406
Operating expenses			
General and administrative expenses	19	(265,901)	(205,096)
Operating profit		1,334,107	865,310
Finance costs	20	(853,906)	(764,459)
Share of net profits from associates and joint ventures	8a	63,513	312,033
Other income, net	21	264,819	213,534
Profit before zakat from continuing operations		808,533	626,418
Zakat provisions	15a	(20,595)	(15,660)
Net profit for the year from continuing operations		787,938	610,758
Discontinued operations			
Net profit for the year from discontinued operations	30b	18,902	-
Net profit for the year		806,840	610,758
Net profit attributable to Dar Al Arkan shareholders arises from			
Continuing operations		788,931	610,758
Discontinued operations		18,902	-
		807,833	610,758
Net profit attributable to			
Dar Al Arkan shareholders		807,833	610,758
Non-controlling interests		(993)	-
		806,840	610,758
Other comprehensive income/loss			
Re-measurement gain / (loss) on end of service indemnities	13	177	(2,989)
Share of other comprehensive (loss)/income from associate	8a	(6,169)	4,727
Net loss on equity instrument designated at FVOCI	9	(840)	(23,310)
Total comprehensive income for the year		800,008	589,186
Total comprehensive income attributable to Dar Al Arkan shareholders arises from			
Continuing operations		782,099	589,186
Discontinued operations		18,902	-
		801,001	589,186
Total comprehensive income attributable to			
Dar Al Arkan shareholders		801,001	589,186
Non-controlling interests		(993)	-
		800,008	589,186
Basic and diluted earnings per share (in Saudi Riyal)			
From continuing operations attributable to Dar Al Arkan shareholders		0.73	0.57
From discontinued operations attributable to Dar Al Arkan shareholders		0.02	-
Total basic and diluted earnings per share attributable to Dar Al Arkan shareholders	22	0.75	0.57

Authorised Board of Directors Member   Chief Executive Officer   Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Consolidated Statement Of Changes In Shareholders' Equity For The Year Ended 31 December 2024

	Attributable to owners of the parent						
	Share capital	Statutory reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	SR 000	SR 000	SR 000	SR 000	SR 000	SR 000	SR 000
2024							
Balance as at 1 January 2024	**10,800,000**	**1,260,395**	**85,024**	**8,146,462**	**20,291,881**	**-**	**20,291,881**
Net profit for the year	-	-	-	807,833	807,833	(993)	806,840
Other comprehensive income/(loss)							
Re-measurement loss on end of service indemnities	-	-	-	177	177	-	177
Other comprehensive loss	-	-	(7,009)	-	(7,009)	-	(7,009)
Total comprehensive income for the year	**-**	**-**	**(7,009)**	**808,010**	**801,001**	**(993)**	**800,008**
Acquisition of a subsidiary (note 31a)	-	-	-	-	-	7,226	7,226
Non-controlling interest share in capital	-	-	-	-	-	2,679	2,679
Acquisition of non-controlling interest (note 31b)	-	-	-	1,726	1,726	(2,806)	(1,080)
Transfer to retained earnings	-	-	(89,919)	89,919	-	-	-
Transfer to statutory reserve	-	80,783	-	(80,783)	-	-	-
Balance as at 31 December 2024	**10,800,000**	**1,341,178**	**(11,904)**	**8,965,334**	**21,094,608**	**6,106**	**21,100,714**
2023							
Balance as at 1 January 2023	**10,800,000**	**1,199,319**	**5,040**	**7,599,769**	**19,604,128**	**-**	**19,604,128**
Net profit for the year	-	-	-	610,758	610,758	-	610,758
Other comprehensive income/(loss)							
Re-measurement loss on end of service indemnities	-	-	-	(2,989)	(2,989)	-	(2,989)
Other comprehensive loss	-	-	(18,583)	-	(18,583)	-	(18,583)
Total comprehensive income for the year	**-**	**-**	**(18,583)**	**607,769**	**589,186**	**-**	**589,186**
Share of other changes in equity of an associate	-	-	98,567	-	98,567	-	98,567
Transfer to statutory reserve	-	61,076	-	(61,076)	-	-	-
Balance as at 31 December 2023	**10,800,000**	**1,260,395**	**85,024**	**8,146,462**	**20,291,881**	**-**	**20,291,881**

Authorised Board of Directors Member | Chief Executive Officer | Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement Of Cash Flows For The Year Ended 31 December 2024

	Notes	2024	2023
		SR 000	SR 000
OPERATING ACTIVITIES			
Profit before zakat from continuing operations		**808,533**	626,418
Profit before zakat from discontinued operations		**18,902**	-
Profit before zakat		**827,435**	626,418
Adjustment for:			
Depreciation	5,7 &23a	**56,499**	50,247
Provisions for end of service indemnities	13	**4,108**	5,111
Finance costs	20	**853,906**	764,459
Gain on disposal of a subsidiary	30d	**(25,320)**	-
Share of net profits from associates and joint ventures	8a	**(63,513)**	(312,033)
Termination/retirements of right of use assets, net	23a	**246**	9,902
Charge for expected credit loss	10b	**11,713**	-
Fair value loss on transfer associate to subsidiary	31a	**9,205**	-
Gain on acquisition of a subsidiary	31a	**(1,165)**	-
Operating cash flows before movements in working capital		**1,673,114**	1,144,104
Development properties, net		**(827,276)**	350,498
Trade receivables and others		**(550,406)**	572,391
Inventories		**(9,425)**	(10,546)
Trade payables and others		**1,368,849**	202,434
Cash from operations		**1,654,856**	2,258,881
Finance costs paid		**(822,197)**	(735,839)
Zakat paid	15a	**(16,022)**	(93,323)
End-of-service indemnities paid	13	**(2,167)**	(3,384)
Net cash flows from operating activities		**814,470**	1,426,335
Investing activities			
Additions to investment in associates	8a	**-**	(1,157,793)
Acquisition of a subsidiary, net of cash acquired	31a	**8,009**	-
Disposal of a subsidiary, net cash disposed off	30c	**(35,484)**	-
Purchase of property and equipment	7	**(9,424)**	(19,323)
Proceeds from disposal of property and equipment	7	**198**	3,759
Loan to a related party	24c	**(799,082)**	-
Additions to investment properties	5	**-**	(427)
Net cash flows used in investing activities		**(835,783)**	(1,173,784)
Financing activities			
Movement in long-term borrowings		**1,307,744**	(722,094)
Payment of principal portion of lease liabilities	23b	**(11,592)**	(9,481)
Net cash flows from / (used in) financing activities		**1,296,152**	(731,575)
Increase / (decrease) in cash and cash equivalents		**1,274,839**	(479,024)
Cash and cash equivalents, beginning of the year		**5,449,833**	5,928,857
Cash and cash equivalents, end of the year	11	**6,724,672**	5,449,833
Non-cash transactions			
Transfer of investment properties to development properties	5&6	**11,335**	15,890
Investment Properties deletion	5	**220**	-
Net loss on equity instrument designated at FVOCI	9	**(840)**	(23,310)
Additions to right-of-use assets and lease liabilities	23a	**3,801**	28,166
Transfer of equity interest in associates to a subsidiary	8	**32,262**	-
Share of other comprehensive (loss) / income from associate	8	**(6,169)**	4,727
Share in other equity changes of an associate		**-**	98,567

Authorised Board of Directors Member | Chief Executive Officer | Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2024

1. Corporate Information

DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY

– (the "Company"), is a Saudi Joint Stock Company established under the Companies' Laws of the Kingdom of Saudi Arabia. The Company is registered in Riyadh under Commercial Registration No. 1010160195 dated 16/04/1421H, corresponding to 18/07/2000 G. The Company is domiciled in the Kingdom of Saudi Arabia (K.S.A.) and its registered office address is P.O. Box No: 105633, Riyadh-11656, K.S.A.

The equity shares of the Company are listed with the security exchange of the Kingdom of Saudi Arabia.

The Company and its subsidiaries are collectively referred to as "the Group" and is predominantly engaged in the business of development, sale and leasing of real estate projects and associated activities. The Company manages its activities through subsidiaries established for each line of business. These subsidiaries operate under their own commercial registration and are summarised below:

DAR AL ARKAN PROPERTIES (REAL ESTATE) COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010254063, dated 25/7/1429 H (corresponding to 28/7/2008 G). It operates in development and acquisition of commercial and residential real estate. It provides management, operation and maintenance of residential and commercial buildings and public facilities.

DAR AL-ARKAN COMMERCIAL INVESTMENT COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010247585, dated 28/3/1429 H (corresponding to 5/4/2008 G). It operates in purchase and acquisition, lease of real estate investments.

DAR AL-ARKAN SUKUK COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010256421, dated 16/9/1429 H (corresponding to 16/9/2008 G). It operates in Real Estate investments and development.

SUKUK AL-ARKAN COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010274407, dated 11/10/1430 H (corresponding to 01/10/2009 G). It operates in development, maintenance and management of real estates, purchase of land and general contracting.

DAR SUKUK INTERNATIONAL COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010275448, dated 30/10/1430 H (corresponding to 19/10/2009 G). It operates in Real Estate investments and development.

COMPASS PROJECT CONTRACTING COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010521509, 17/6/1438 H (corresponding to 16/3/2017 G). It operates in Real Estate investments and developments, leasing and property management.

MAAQEL REAL ESTATE COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010600708, 24/2/1441 H (corresponding to 23/10/2019 G). It operates in Real Estate, leasing and property management.

BAWADI FOR REAL ESTATE COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010600710, 24/2/1441 H (corresponding to 23/10/2019 G). It operate in general construction, and purchase and sale, acquisition, leasing of real estate and property management. During the year on 18/01/1446 H (corresponding to 24/07/2024 G) the Company has legally closed its operations.

AL-ENTESHAR REAL ESTATE COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010600709, 24/2/1441 H (corresponding to 23/10/2019 G). It operates in sale, and purchase, acquisition, leasing of real estate and property management. During the year on 18/01/1446 H (corresponding to 24/07/2024 G) the Company has legally closed its operations.

IKTIFA REAL ESTATE COMPANY

– is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010600711, 24/2/1441 H (corresponding to 23/10/2019 G). It operates in sale, and purchase, acquisition, leasing of real estate and property management. During the year on 19/01/1446 H (corresponding to 25/07/2024 G) the Company has legally closed its operations.

DAR AL ARKAN FOR REAL ESTATE DEVELOPMENT LLC

– is a limited liability company, a beneficially wholly owned subsidiary, established under the laws of the state Qatar, under the Commercial Registration No. 165584, 14/7/1443 H (corresponding to 15/02/2022 G). It mainly operates in real estate developments. During the year on 11/04/1446 H (corresponding to 14/10/2024 G) the Company has disposed of all its shares (Refer note 30).

Dar Al-Arkan Real Estate Development Company wholly owns directly and indirectly the above mentioned subsidiaries. The accompanying consolidated financial statements include the assets, liabilities and the results of operations of the subsidiaries mentioned above.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

2. Accounting Policies

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

These consolidated financial statements are presented in Saudi Riyals (SR), which is the Group's functional currency.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

2.2 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards and interpretations effective in the current year
In the current year, the Group has adopted all amendments to standards issued by the International Accounting Standards Board ("IASB") as endorsed by SOCPA that are mandatory for adoption in the annual periods beginning on or after 1 January 2024 and are applicable to the Group.

IAS 1	Amendment	• 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	Amendment	• Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.
IAS 7 and IFRS 7	Amendment	• Amendments to add disclosure requirements, and 'signposts' within existing disclosure requirements, to provide qualitative and quantitative information about supplier finance arrangements.

Generally, the adoption of these amendments to standards has not led to any changes in the Group's accounting policies and disclosures provided in the 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 financial statements, but not yet effective, and therefore will be adopted if applicable, once endorsed by SOCPA.

The impact of the adoption of these standards is currently being assessed; however, the directors anticipate that the adoption of these standards, amendments and interpretations in future periods will not have a significant impact on the consolidated financial statements of the Group.

IFRS 10 and IAS 28	Amendment	• Amendments related to the sale or contribution of assets between an investor and its associate or joint venture, effective date deferred • Indefinitely.
IAS 21	Amendment	• 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 9 and IFRS 7	Amendment	• Amendments Clarifies derecognition of financial liabilities on "Settlement date" and settled through electronic payment system before settlement date with certain conditions, clarifies contractual cash flows characteristic linked with environmental, social and governance (ESG) features ,clarifies treatment of non-recourse assets and contractually linked instruments, require additional disclosures financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income. Applicable annual periods beginning on or after 1 January 2026.
Various IFRS	Annual Improvements	• Clarification and amendments relating to various IFRSs under annual improvement program IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. Applicable annual periods beginning on or after 1 January 2026.
IFRS 18	New Standard	• New requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. Applicable annual periods beginning on or after 1 January 2027.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

2. Accounting Policies (Continued)

2.3 ACCOUNTING CONVENTION

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments at fair value and investment in associates and joint venture at equity method. The obligation of post-employment benefits is accounted for the present value of future obligation. The following are the material accounting policies applied by the Group in preparing its consolidated financial statements. These policies have been consistently applied to the periods presented, unless otherwise stated.

2.4 BASIS OF CONSOLIDATION

The Group consolidates the financial statements of the Company and entities where the group has power over the investees, it is exposed, or has rights, to variable return from its involvements and has the ability to use its power to control and affect its return from the investees or subsidiaries. The consolidated financial statements of the Group consist of operations of the Company and entities controlled by the Company or its subsidiaries.

Subsidiaries
Subsidiaries are entities that are controlled by the Group. The Group controls an entity when, it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity. Subsidiaries are fully consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any non-controlling interests. The interests of non-controlling shareholders are stated at the non-controlling proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the parent.

The excess of cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the consolidated statement of profit or loss and comprehensive income.

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in associates and joint venture
An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

A joint venture is a joint arrangement where the parties to the joint venture have rights to the net assets of the joint arrangement and have contractually agreed sharing of joint control over the relevant activities through which the parties to the arrangement can participate to the decision making of the relevant activities require unanimous consents and joint control.

Equity method
Under equity method of accounting, the investments in associates or a joint venture is initially recognised in the consolidated financial position at cost and adjusted by the post-acquisition changes in the Group's share of the profit or loss and other comprehensive income and the net assets of the associate or a joint venture, less any impairment in the value of individual investments. The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting except when classified as held for sale. Losses of the associates or joint control over a joint venture in excess of the Group's interests in those associates or joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in associates or a joint venture is accounted under equity method of accounting from the date of acquisition. Any excess of cost of acquisition over the Group's share of the fair values of identifiable net assets of the associate or a joint venture at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of identifiable net assets of the associate or a joint venture at the date of acquisition (i.e. discount on acquisition) is recognised in the consolidated statement of profit or loss and comprehensive income.

When the investment in associates or a joint venture is classified as held for sale or ceases to be an associate or a joint venture, from that date, the group discontinue the use of equity accounting. When a partial sale of an associate or a joint venture which results in losing significant influence over that associate or a joint venture, the remaining investment is measured at fair value on the date of sale and recognised as a financial asset. The differences between the attributable shares of carrying amount for the retaining interest in that associate or a joint venture and its fair value is included in the determination of gain or loss of the disposal of the associates or a joint venture. In addition, the Group reclassifies the gains or losses from equity, previously recognised in the other comprehensive

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

2. Accounting Policies (Continued)

2.4 BASIS OF CONSOLIDATION (CONTINUED)

income to the statement of profit or loss and comprehensive income.

Where a Group company transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interests in the relevant associate or a joint venture. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. 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 associate or joint venture and its carrying value, and then recognises the loss within 'Share of net profits from associates and joint ventures' in the statement of profit or loss.

Investment in joint operation

A joint operation is an arrangement where Group entities have joint control of an arrangement and have legally binding rights to the assets and obligations for the liabilities of the arrangement. A Joint control is a legally agreed sharing of control of an arrangement and all the relevant activities of the arrangement require unanimous consent of the parties sharing control.

When the Group entity carry out its activities under joint operations, the Group recognises its interest under the joint operation as follows:

- The The asset belongs to the Group, including its share of any assets acquired and held jointly;
- The Liabilities associated with the Group, including its share of any liabilities incurred jointly;
- Group's share of revenue arising from the joint operation;
- Group's expenses, including the share of expenses incurred jointly in the joint operations.

The Group accounts for the assets, liabilities, revenues and expenses associated with its interest in a joint operation in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses. When the Group entity is a joint operator and the Group is involved with a sale or asset contribution to the joint operation, the profit and losses resulting from such transitions are recognised in the Groups consolidated financial statement only to the extent of other parties' share in the joint operation. When the Group entity is a joint operator and the Group is involved with a purchase transaction with the joint operation, the Group does not recognise the share of its gain or loss until such assets are resold to a third party.

2.5 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes all directly attributable expenses incurred in bringing the property and equipment to their present location, condition until the property and equipment is available for use. The management periodically review and reassess the estimated future useful life and residual value and accordingly may change or modify the depreciation rates.

Depreciation is charged so as to write off the cost less estimated residual value of assets, other than land, over their estimated useful lives, using the straight-line method, on the following rates:

Buildings	3%
Leasehold improvements	5% - 20%
Vehicles	25%
Machinery and tools	20%
Office equipment	20% - 25%
Fixtures and Fittings	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated profit or loss.

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the consolidated profit or loss immediately.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

2. Accounting Policies (Continued)

2.6 INVESTMENT PROPERTIES

Investment properties principally comprise completed projects (including properties and developed land held for long term capital appreciation) and projects under development (including property projects under construction, land projects under development and land awaiting development). Investment properties are held to earn rentals and/or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative function. Projects under development include those properties in progress of development or awaiting development to commence. These properties are not used for generating sales revenues through normal business operations. The investment properties are initially recognised at cost and the cost of an acquisition is measured at fair value of the assets acquired / transferred. All developments costs (design, development and staff cost) that are directly attributable to the acquisition/ development of the properties are capitalized to derive the total cost.

An investment property is derecognised on sale or disposal when permanently withdrawn or transferred to development properties. Any gain or loss arising from de-recognition of the investment property is recognised in the consolidated profit or loss immediately.

Investment properties are held to earn rentals and/or for capital appreciation, are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost less estimated residual value of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following basis:

Buildings	3%

Gains or losses arising from the retirement or disposal of investment properties being the difference between the net disposal proceeds and carrying value are included in the consolidated profit or loss for the period of the retirement/disposal.

2.7 DEVELOPMENT PROPERTIES

All development properties are initially measured at acquisition cost and subsequently measured and accounted for lower of cost and net realisable value. This principally consists of projects under progress and land parcels under development for sales in the ordinary course of business, rather than to be held for rental or capital appreciation. Cost comprises all directly attributable cost including direct material cost, direct labour costs, borrowing costs and those overheads that have been incurred in bringing the development properties to their present location and condition. Cost is calculated using the average method. Impairment is tested comparing with net realisable value, which represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

The operating cycle of development properties is such that the majority of development properties are held for longer period and will not be realised within 12 months. If there is a change in management intention and identify any development property for immediate sale, then the same is split between long-term and short-term development properties representing non-current and current portion of development properties respectively.
At each reporting date management categorises development properties projects as long term or short-term depending on its estimated completion and realisation date. If the completion and realisation date of a project is expected to be within a year from the date of the consolidated statement of financial position, the project is classified as short-term development properties.

2.8 IMPAIRMENT OF TANGIBLE ASSETS

At each reporting date, the Group reviews the carrying amounts of its tangible assets for any indication that those assets have suffered impairment losses. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. When such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the consolidated profit or loss.

2.9 ISLAMIC BORROWING COSTS

Islamic borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. During the year, the Group has not capitalised any portion of its borrowing cost. Accordingly, all borrowing costs are recognised as finance costs in the consolidated profit or loss in the year in which they are incurred.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

2. Accounting Policies (Continued)

2.10 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument.

The Group initially measure financial assets and financial liabilities at their fair value. All directly attributable transaction costs for the origination, acquisition or issuance of a financial assets and financial liabilities (except for financial assets and financial liabilities accounted at fair value through profit or loss) are added or deducted, as appropriate, from the respective fair value of the financial assets or financial liabilities on initial recognition. Transaction costs that are incurred for financial assets or financial liabilities accounted at fair value through profit or loss are recognised immediately in the consolidated profit or loss.

Classification and measurement – financial assets
Classification and measurement of financial assets are based on the underlying business model and estimated cash flows on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Any derivatives embedded in the contracts are not separated and is considered as a whole for classification. The financial assets are principally categorised as under;

- Amortised cost
- Fair value through other comprehensive income(FVTOCI)
- Fair value through profit or loss (FVTPL)
- Financial assets that are initially recognised at fair value are subsequently measured at amortised cost based on expected credit loss (ECL) described below:
- 12-month expected credit losses- expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date.
- Lifetime expected credit losses- expected credit losses that result from all possible default events over the life of the financial instrument.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

- Debt instruments measured subsequently at amortised cost or at FVTOCI;
- Lease receivables;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with IFRS 15.

Trade receivables
Trade receivables are classified as financial assets and are initially recognised at the amount of consideration/ transaction price unless they contain significant financing components, when they are recognised at fair value. The Group do not charge interest on trade receivable and holds the principal outstanding of the trade receivables with the objective to collect the contractual cash flows therefore measures them subsequently at amortised cost using the effective interest method less any provision for impairment for expected credit loss. The Group assesses receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics for impairment. This assessment of impairment requires judgment. In making this judgment, the Group evaluates credit risk characteristics that consider past default experience of the customer and analyse the general economic conditions of the industry in which the customers operate and current financial position specific to the customers and an assessment of both the current as well as the forecast direction of past-due status and other loss event factors being indicative of the ability to pay all amounts due as per contractual terms at the reporting date. A provision for credit loss is made where there is an objective evidence, including customers with financial difficulties or in default on payments, that amounts will not be recovered in accordance with original terms of the agreement and the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced with the provision for expected credit loss and any impairment loss is recognised in the consolidated profit or loss.

Management applies the simplified approach in calculating ECLs. Therefore, management does not track changes in credit risk, but instead recognised a loss allowance base on lifetime ECL's at each reporting date. Management 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.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

2. Accounting Policies (Continued)

2.10 FINANCIAL INSTRUMENTS (CONTINUED)

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Group with original maturities of three months or less.

Held for trading investments
Held for trading investments are recognised initially at fair value; transaction costs are taken directly to the consolidated statement of profit or loss and other comprehensive income and thereafter stated at fair value by reference to exchange quoted market bid prices at the close of business on the consolidated balance sheet date. The unrealized and realized gains and losses from sale of held for trading investments are recorded in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities
Financial liabilities include Islamic Sukuk and Islamic Murabaha and are classified according to the substance of the respective contractual arrangement and are initially measured at their fair value, net of transaction costs. Financial liabilities are subsequently carried at their amortised cost, with commission cost being recognised on an effective yield basis in the consolidated statement of profit or loss over the term of the instrument.

Trade payables
Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

2.11 REVENUE RECOGNITION

Revenue represents the sale of completed real estate properties, revenue from construction/ development of real estate properties and leasing of residential properties.

Sale of completed properties – recognised at the point of sale
Real estate properties which are sold as completed properties are immediately recognised as revenue at the point of sale. The revenue for these categories of assets are only recognised when the control with significant risks and rewards of ownership have been transferred to the buyer and the Group had enforceable right to payment for the performance completed. The transfer of ownership and the controls are assessed at the time of legal completion of the sale or transfer of assets. Revenue is measured at the fair value of consideration entitled in a contract.

Properties constructed/developed under contract with customer– recognised over the time
The group develop and sale properties under long term construction/development contract or agreement. Usually such contracts are entered before the start of the construction and the terms of the contracts restrict the transfer of asset to another customer and has no other alternative use and the Group had enforceable right to payment for the performance completed to date where the objective and the outcome of such contracts can be estimated reliably, the revenue and cost of such developments are recognised in proportion to the performed/measured stages of completion against the total contractual obligations/miles stones including variation, claims and incentives at the end of each reporting period, except where the performed work are not a representative of the stage of completion.

Where the outcome of the contract cannot be estimated reliably, the contract revenue is recognised to the extent of cost incurred and probability recoverable against such contract.

The Group recognises all the incremental costs of obtaining or performing a contract as assets if it expects to recover those costs from the transaction price. The incremental costs are those costs that the Group would not have incurred if the contract had not been obtained. All costs to fulfil its obligations under an existing contract, or an anticipated contract, are capitalised in accordance with IFRS 15 if the costs:

- directly relates to such specific contract;
- are expected to be recovered.
- Create, enhance or generate the resources of the company which will be used in performing the current or future performance obligations

All asset recognised in relation to contract costs is systematically amortised on a basis consistent with the pattern or proportion of transfer of the obligation under the contract to which the asset relates.

If the overall amortisation period of such expenses is one year or less the Group may expense such cost when incurred. All advance payments and the milestone payment which received in excess of the revenue recognised to date are recognised as contract liability. Considering the short period between the milestone payment and revenue recognition under the cost-to-cost method, these are not considered to be a significant financing component in the construction contracts with customers.

The Group assesses the carrying value of such assets and when it is probable that the total contract cost will exceed total contract revenue, the estimated loss is recognised as expenses immediately.

Construction Management Services – recognised over the time
Revenue from construction management services is measured on the considerations specified in the contract with customers. Contract revenues are recognized based on services provided to the customers (the services represent the performance obligation of the contract) over the terms of these agreements.

Leases
With respect to lease rental income, the Group recognises revenue on a straight-line basis over the lease term.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

2. Accounting Policies (Continued)

2.12 ZAKAT

Zakat is calculated pursuant to Zakat Regulation in the Kingdom of Saudi Arabia and recognised in the respective subsidiaries or in the consolidated statement of profit or loss in each year. The provision is based on an estimate of Zakat that is adjusted in the financial year in which the final assessment of Zakat is issued by the Zakat, Tax and Customs Authority ("ZATCA"). Any change in the estimate resulting from the final assessment is recognised in that year when final assessments are received.

2.13 FOREIGN CURRENCIES

Transactions in currencies other than Saudi Riyals, the presentational and functional currency of each subsidiary within the Group, are recorded at the rates of exchange prevailing on the dates of the transactions. At the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value, that are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The resulting exchange gains or losses are recognised in the consolidated statement of profit or loss and comprehensive income.

2.14 STATUTORY RESERVE

According to the bylaws of the Company, the Group is required to retain 10% of net income in the statutory reserve. The Group may stop the transfers when this reserve reaches 30% of the share capital. This reserve is not available for dividend distribution.

2.15 END OF SERVICE INDEMNITIES

The Group provides end of service benefits to its employees in accordance with the labour law provisions of Saudi Arabia. The entitlement to these indemnities is based upon the employee's final salary, length of service and the completion of a minimum service period. The costs of these indemnities are accrued over the period of employment, based on the estimated ultimate payment.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the year in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

2.16 RETIREMENT BENEFIT COSTS

The Group makes contributions in line with the General Organisation for Social Insurance Regulations and are calculated as a percentage of employees' wages. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan. Payments made to defined contribution retirement benefit plans are charged as an expense as they fall due.

2.17 PROVISIONS

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

2.18 LEASING

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

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rentals receivable under leases are recognised to the consolidated profit or loss on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental revenue.

Group as a lessee
At the inception of non-cancellable leases an asset identified as "right-of-use assets" measured at cost with appropriate discounting applied on relevant components of lease term and payment obligations including initial direct cost, lease escalations and lease incentives mentioned in the underlying lease agreement. Subsequent to the initial measurement and recognition, the "right-of-use assets" are periodically measured by using cost model which comprises initially measured cost and any impairment adjustments less accumulated depreciation.

Corresponding to this commencement date a "lease liability" is measured at the net present value of all the unpaid lease payments as on that date discounted by using the rate implicit in the lease, if this rate cannot be readily determined, the Group uses its incremental borrowing rate. Subsequent to the initial measurements "lease liability" are periodically measured by

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

2. Accounting Policies (Continued)

2.18 LEASING (CONTINUED)

increasing the carrying cost to reflect the interest charge on unpaid future lease liability and any re-measurement adjustment less lease payments made up to that date.

The depreciation cost for "right- of-use assets" and the interest cost for "lease liability" is charged to the consolidated profit or loss as depreciation and finance charges.

In case of existing, short term, small value leases the entity continues to charge the periodic lease payments to the consolidated profit or loss as an expense on straight-line basis over the term of the relevant lease.

3. Significant Accounting Estimates, Assumptions And Judgments

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Revenue Recognition

The Group recognises revenue (refer note 2.11) when the control with significant risks and rewards of ownership is transferred to the buyer. The Group measures the revenue based on the consideration entitled in a contract with a customer excluding amounts, if any, collected for and on behalf of third parties.

With respect to land properties/projects, the Group receives an initial non-refundable deposit upon signing the sale contract with the balance being paid on a deferred basis, which typically does not exceed three months. The Group recognises the full amount of the consideration as revenue at the point in time when the control of the property is transferred to the buyer through a legally enforceable sale contract which is signed between the buyer and the Group.

With respect to residential and commercial projects, the Group typically receives an initial deposit on the signature of the sales contract and the balance is collected over a period as per the terms of the contract. Revenue from the sale of these properties is only recognized at the point in time when the control of the property is transferred to the buyer through a legally enforceable sale contract which is signed between the buyer and the Group and the completed property is delivered to the purchaser.

With respect to residential and commercial projects sold under a construction contract, usually such contracts are entered before the start of the construction and the terms of the contracts restrict the transfer of asset to another customer and has no other alternative use and the Group had enforceable right to payment for the performance completed to date where the objective and the outcome of such contract or agreement can be estimated reliably, the revenue and cost of such developments are recognised when the control is passed with significant risks and rewards of ownership to the buyer. The revenue against these customer contracts is recognised over the time as per under IFRS 15 in proportion to the performed/measured stages of completion against the total contractual obligations/milestones including variation, claims and incentives at the end of each reporting period, except where the performed work are not a representative of the stage of completion.

A performance obligation is considered satisfied over the time when at least one of the following criteria is met:

- The customer receives and consumes the benefits of the Companies' performance as it performs.
- The performance creates and enhances the value of the customer-controlled asset.
- The Group has no alternative use to the asset being created and has the legally enforceable right to payment for all obligations performed or completed to date.

With respect to project management, cost management and construction management revenue recognition and profit is dependent upon a number of factors, including the accuracy of a variety of estimates made at the balance sheet date, such as material quantities, the achievement of milestones, penalty provisions if any, labour productivity and cost estimates. Variable consideration is included in the estimate of transaction price only to the extent that a significant reversal would not be probable. We continuously monitor factors that may affect the quality of our estimates, and material changes in estimates are disclosed accordingly.

With respect to lease rental income, the Group recognises revenue on a straight line basis over the lease term.

Recognition of cost of sales

The Group has development properties which typically contain a number of individual projects within each development. In order to determine cost of sales related to properties or units sold during the year, the management estimates and average the costs of the entire developments, including infrastructure costs and overall construction and other directly attributable costs to arrive the total estimated cost of the project. These estimated costs are allocated to each project within the development and each unit within a project. These estimates are reviewed regularly on a profit per project basis and revised as necessary. Any significant change in these estimates may result in additional costs being recorded in future periods related to revenue recognised in a prior year.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

3. Significant Accounting Estimates, Assumptions And Judgments (Continued)

Measurement of contract assets and trade receivables

The group management makes significant assumptions on the estimation of expected credit loss (ECL) in connection with contract assets and/or trade receivables which is assessed based on the terms of contracts. The Group assesses receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics for impairment. This assessment of impairment requires judgment. In making this judgment, the Group evaluates credit risk characteristics giving considerations for past default experience of the customer, analyse the general economic conditions of the industry in which the customers operate, current financial position specific to the customers and an assessment of both the current as well as the forecast direction of past-due status and other loss event factors being indicative of the ability to pay all amounts due as per contractual terms at the reporting date. A provision for expected credit loss is made where there is an objective evidence, including customers with financial difficulties or in default on payments, that amounts will not be recovered in accordance with original terms of the agreement and the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate.

Based on such periodic assessment the Group recognise for full lifetime expected losses for all contract assets and/or all trade receivables with or without significant financing transaction using provision matrix and for lease receivables. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

Classification of properties

The Group's properties are classified as either investment properties or development properties. Management has made various judgments to determine whether a property qualifies as an investment property which is held to earn rentals and/or for capital appreciation or both. These are not used for generating sales revenues through normal business operations.

A development property comprises completed properties, developed land, property projects under construction, land projects under development and land awaiting development predominantly identified for sale in the ordinary course of business. In making its judgment, management considers its intended use of property. When management assess that certain investment properties will be disposed as part of normal business operation, their carrying cost will be transferred to development properties for final completion of development and transfer.

Subsequent transfer of investment properties

Investment properties are the interests in land and/or buildings that are held for earning rentals or investment potential and not for sale in the ordinary course of business. Management assesses the intended use of its real estate properties on continuous basis and summarises the portfolio at every reporting year. When the periodic management assessment identifies any change in the use of a property previously classified as investment properties, their carrying cost is transferred to development properties for further development and final transfer under ordinary course of business. While re-assessing the intended use, management considers the holding period, possibility of further appreciations, related economic activities around such properties and need for further development to make the property ready for sale.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with the intent to sale.

Carrying value of development properties

The Group's principal activity is currently the development and sale of land, residential and commercial property. Due to the nature of this activity, much of the development is speculative in nature. Accordingly, the consolidated statement of financial position at 31 December 2024 reflects assets that are not covered by forward sales contracts.

The development properties are stated at the lower of cost and net realisable value. The Group assesses the net realisable value of its development properties at each reporting date, through an internal tolerance check, which includes an assessment of profit per project basis and compares the carrying and estimated future costs to complete with the expected selling price per unit based on historical activities and available comparable in the surrounding location.

For the determination of the expected net realisable value of the development properties, the Group extensively uses its management's subjective expertise and location knowledge together with comparable transactions recorded in the surrounding area for non-related arms lengths transactions. The estimated mark-up arrived using these methodologies disclosed as a percentage (%) of net-margin over the carrying cost.

To neutralise data risk, the Group also estimates the potential uplift in value of its development properties by using the Accounting Rate of Return ("ARR"). Under ARR method, the Group estimates return from assets considering future revenue streams, development costs and all directly attributable cost including financing cost, market risk and targeted profit. These assumptions and estimates are reviewed periodically based on the market conditions existing at the end of every reporting year.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

Below are the key assumptions the Group used to estimate net realisable value of its development property portfolio:

	2024 Range	2023 Range
Profit margin on carrying cost – development properties	20% - 25%	20% - 25%
Targeted ARR – development properties	3-5%	3-5%

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

While estimating the fair value of an asset or a liability the group take into consideration of the assumptions that market participants would use when pricing the asset or liability for their best economic interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the best use or by selling it to another market participant for the best use.

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

For the financial reporting purpose, The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities;

- Level 1: Quoted prices in active markets for the same instrument (i.e., without modification or additions);
- Level 2: Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data and;
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

For the determination of the fair value of the investment properties, the Group engage third party independent real estate valuation experts using recognised valuation methods to value the investment properties wherever it is possible and practical. The fair value arrived using these methodologies are disclosed in note 5.
The valuation agencies mostly use capitalisation method, under this method the income under existing lease agreements are extrapolated to arrive at projected future rental revenues, which is capitalised at appropriate rates reflecting the investment market conditions at the valuation dates.

The groups future rental stream estimations are based on certain assumptions and are subject to market volatility, uncertainty and can materially differ from the actual results. The absence of well-developed and active market condition brings greater degree of uncertainty and volatility to estimated fair valuation of investment properties than which exists in a more active market.

Below are the key assumptions the group used to estimate fair value of its investment properties:

	2024 Range	2023 Range
Estimated capitalisation of yields-investment properties	6-8%	6-8%

Determination of control, joint control and significant influence

Subsidiaries are all investees over which the Group has control. Management considers that it controls an investee when the Group is exposed to or has rights to the majority of the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

The determination about whether the Group has power depends on the way decisions about the relevant activities are made and the rights the Group has, in relation to the investees. It is generally presumed that the Group could exercise significant influence when the Group owns 20% shareholding. However, detailed evaluation and judgements are required for each investee, particularly when the Group owns shareholding and voting rights of more or less than 20% to assess whether the Group has 'significant influence' over such investees.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

4. Reporting Segments

For management purpose, the Group is organised into two segments. Management develops its strategic planning, resource allocation and business model around these segments and the Chief Operating Decision Maker (CODM) monitors the operating results of these segments separately for the purpose of making decisions about resource allocation and performance assessment, therefore, Group's reportable segment under IFRS 8 is as follows:

- Developmentof Properties – Under this segment, the Group categorises all its real estate properties under development which are acquired, developed and sold. It includes:
  1. Residential and commercial properties whether completed or under development ("Residential and Commercial Projects")
  2. Land and investment in land properties which are undeveloped, developed with or without infrastructure and the sale of such properties ("Land Projects").

- Leasing of Properties – leasing and management of properties that the Group has retained as rental properties including commercial and residential units on its Master-Planned Communities for generating recurring revenues.

All Other segments- the sale of furniture items is not a reportable segment, as it is not separately included in the report provided to CODM. The result of its operations is included in the "Other" column.

All Other segments- the sale of luxury furniture items and project management & consulting are not reportable segments, as these are not separately included in the report provided to CODM or do not meet the criteria for quantitative threshold. The result of its operations is included in the "Other" column.

The Group does not allocate share of profits of associates, general administration, selling and marketing costs including directors' salaries, finance costs, other income and Zakat expense to its segments.

Substantially all of segment operating activity (including revenue and costs) for the year ended 31 December 2024 and 31 December 2023 was generated from the development properties segment. The Group provided breakdown of revenue, profit, assets and liabilities by operating segment.

The Group operates mainly in Saudi Arabia and all its revenues are derived from its portfolio of properties which the Group manages.

The segment wise revenue, gross profit, operating expenses, operating profit, total assets and total liabilities from development properties (land, residential and commercial projects) and leasing of properties are presented below:

	Notes	For the year ended 31 December 2024			
		Development Properties	Leasing of Properties	Other	Group Total
SEGMENT WISE PROFIT & LOSS		**SR 000**	**SR 000**	**SR 000**	**SR 000**
Revenue	17	3,449,850	143,286	165,886	3,759,022
Cost of revenue	18	(2,008,665)	(33,658)	(116,691)	(2,159,014)
GROSS PROFIT		**1,441,185**	**109,628**	**49,195**	**1,600,008**
Operating expenses:					
General and administrative expenses	19				(265,901)
OPERATING PROFIT					**1,334,107**
Finance costs	20				(853,906)
Share of net profit from associates and joint ventures	8a				63,513
Other income, net	21				264,819
PROFIT BEFORE ZAKAT					**808,533**
SEGMENT WISE ASSETS & LIABILITIES					
TOTAL ASSETS		**35,714,687**	**1,045,652**	**179,883**	**36,940,222**
TOTAL LIABILITIES		**14,322,259**	**1,398,473**	**118,776**	**15,839,508**

	Notes	For the year ended 31 December 2023			
		Development Properties	Leasing of Properties	Other	Group Total
SEGMENT WISE PROFIT & LOSS		**SR 000**	**SR 000**	**SR 000**	**SR 000**
Revenue	17	2,571,263	133,204	2,633	2,707,100
Cost of revenue	18	(1,602,073)	(34,132)	(489)	(1,636,694)
GROSS PROFIT		**969,190**	**99,072**	**2,144**	**1,070,406**
Operating expenses:					
General and administrative expenses	19				(205,096)
OPERATING PROFIT					**865,310**
Finance costs	20				(764,459)
Other income, net	21				213,534
Share of net profit from associates and joint ventures	8a				312,033
PROFIT BEFORE ZAKAT					**626,418**
SEGMENT WISE ASSETS & LIABILITIES					
TOTAL ASSETS		**32,473,501**	**1,119,719**	**62,084**	**33,655,304**
TOTAL LIABILITIES		**12,609,206**	**692,183**	**62,034**	**13,363,423**

5. Investment Properties, Net

The movement in investment properties is as follows:

	2024 SR 000	2023 SR 000
COST		
At beginning of the year	1,392,932	1,414,507
Transfer to development properties (note 6)	(14,555)	(22,002)
Additions/deletion	(220)	427
At end of the year	**1,378,157**	**1,392,932**
ACCUMULATED DEPRECIATION		
At beginning of the year	364,719	336,699
Transfer to development properties (note 6)	(3,220)	(6,112)
Charged during the year (note 18)	33,658	34,132
At end of the year	**395,157**	**364,719**
CARRYING AMOUNT AT THE END OF THE YEAR	**983,000**	**1,028,213**

Included within investment properties is land with an original cost of SR 270 million (31 December 2023: SR 270 million).

FAIR VALUE ESTIMATION:

Fair value of the investment properties is estimated by a recognised independent valuation agency not related to the Group (ValuStrat Saudi Arabia, a licensed member of Saudi Authority of Accredited Valuers) by using income capitalisation method in December 2024. The range of capitalisation rates are determined based on the nature and the highest and the best designated use of the assets and various external references for similar type of assets. There has been no change in the valuation technique during the year. The annualised lease cash flows are estimated by extrapolating and adjusting current lease revenues for optimal occupancy and capitalising it at an annual rent yield of 6-8% (2023: 6-8%) between residential and commercial leased properties to arrive the fair value estimated as below:

	2024 SR 000	2023 SR 000
CARRYING AMOUNT	**983,000**	**1,028,213**
ESTIMATED FAIR VALUE		
Estimated on annual rent yield on investment properties	1,457,000	1,488,000

SENSITIVITY IN FAIR VALUE ESTIMATION:

	Increase in rate SR 000	Decrease in rate SR 000
Change in fair value of investment properties		
50 basis points change in capitalisation rate	(63,000)	70,000
Sensitivity impact on estimated fair value	(63,000)	70,000

The estimated fair value of Group's investment properties can be impacted by unobservable inputs determined based on existing market conditions. The impact of two unobservable inputs may not be off-setting each other; for example, an increase in capitalisation rate may off- set an increase in annual rent but an increase in annual rent with a decrease in capitalisation rate would boost the fair value.

The fair value of investment properties disclosed is categorised under Level 3 in the fair value hierarchy.

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Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2024 (Continued)

6. Development Properties

The movement in development properties, the principal operation of the Group, is summarised as follows:

Year ended 31 December 2024	Short-term developed projects	Short-term developed land	Long-term developed land/project	Long-term projects under development	Total
	SR 000	SR 000	SR 000	SR 000	SR 000
COST					
At beginning of the year	2,407	109,071	1,046,183	19,215,626	20,373,287
Additions, net during the year	-	396	171,753	2,663,792	2,835,941
Disposal of a subsidiary (note 30)	-	-	(222,759)	-	(222,759)
Transfer, net (note a)	-	-	11,335	-	11,335
Charged to cost of sales during the year (note 4)	-	-	(26,351)	(1,982,314)	(2,008,665)
CARRYING AMOUNT AT THE END OF THE YEAR	**2,407**	**109,467**	**980,161**	**19,897,104**	**20,989,139**
Short-term development properties					**111,874**
Long-term development properties					**20,877,265**

Year ended 31 December 2023	Short-term developed projects	Short-term developed land	Long-term developed land/project	Long-term projects under development	Total
	SR 000	SR 000	SR 000	SR 000	SR 000
COST					
At beginning of the year	2,407	141,925	2,002,503	18,561,060	20,707,895
Additions, net during the year	-	(4,847)	64,935	2,162,003	2,222,091
Deemed disposal (note b)	-	-	(961,838)	(8,678)	(970,516)
Transfer, net (note a)	-	-	15,890	-	15,890
Charged to cost of sales during the year (note 4)	-	(28,007)	(75,307)	(1,498,759)	(1,602,073)
CARRYING AMOUNT AT THE END OF THE YEAR	**2,407**	**109,071**	**1,046,183**	**19,215,626**	**20,373,287**
Short-term development properties					**111,478**
Long-term development properties					**20,261,809**

The properties held for development are stated at the lower of cost and net realisable value. Development properties are classified as current if they completed or expected to be completed/ realised within 12 months, otherwise they are classified as non-current.

Projects under development include land with cost amounting to SR 16.5 billion (31 December 2023: SR 15.83 billion), which represents the Group's share in land with other investors according to the contract and agreements for investments and development of the land.

During the year ended 31 December 2024 the Group has not capitalised borrowing costs on qualifying assets (31 December 2023: SR nil).

Note (a) – During the year ended 31 December 2024, investment properties with a net book value of SR 11,335 thousand were transferred to development properties (31 December 2023: SR 15,890 thousand) (note 5).

Note (b) – During the year ended 31 December 2023, development properties with a book value of SR 970,516 thousand were derecognised due to loss of control (Note 29).

INTERNAL TOLERANCE EVALUATION:

During the year, the Group's management and directors conducted an internal tolerance evaluation on its development properties portfolio to identify the existence or indication of possible impairment. This internal tolerance evaluation is based on the market indications and margins achieved on similar parcels of properties. The internal tolerance evaluation for the reporting year demonstrated an estimated market value indicating an average uplift of 20% (31 December 2023: 20%) across the development property portfolio. The management believes that the resultant uplift on the book value is a conservative indication of the value of the development properties of the Group.

In view of the continuing volatility and uncertainty in the real estate sector, the transaction volumes are showing considerable stabilisation on lowering price trend. Hence, to normalise the internal value assumptions along with known comparable transaction between unrelated parties at arms-length around properties, the management included an additional valuation technique of average accounting rate of return ("ARR") in the range of 3-5% (2023: 3-5%) for development properties to arrive at the estimated values.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

	Year ended 31 December 2024				
	Short-term developed projects	Short-term developed land	Long-term developed land/project	Long-term projects under development	Total
	SR 000	SR 000	SR 000	SR 000	SR 000
COST	**2,407**	**109,467**	**980,161**	**19,897,104**	**20,989,139**
ESTIMATED VALUE					
Estimated value @ 20% margins on cost	3,000	131,000	1,176,000	23,877,000	25,187,000
Estimated value @ 3-5 % ARR	3,000	139,000	1,205,000	23,129,000	24,476,000
Average value of land	3,000	135,000	1,190,500	23,503,000	24,831,500
Estimated Value	3,000	136,000	1,189,000	23,495,000	24,823,000

	Year ended 31 December 2023				
	Short-term developed projects	Short-term developed land	Long-term developed land/project	Long-term projects under development	Total
	SR 000	SR 000	SR 000	SR 000	SR 000
COST	**2,407**	**109,071**	**1,046,183**	**19,215,626**	**20,373,287**
ESTIMATED VALUE					
Estimated value @ 20% margins on cost	3,000	131,000	1,255,000	23,060,000	24,449,000
Estimated value @ 3-5 % ARR	3,000	133,000	1,229,000	21,974,000	23,339,000
Average value of land	3,000	132,000	1,242,000	22,517,000	23,894,000
Estimated Value	3,000	130,000	1,238,000	22,500,000	23,871,000

The result of this exercise has indicated a higher value than carrying cost stated in the consolidated statement of financial position.

A change in the basis of these estimates in the future could have an impact on the valuation of the development properties.

Sensitivity analysis for internal tolerance valuation:

The estimated net realisable value of Group's development properties can be impacted by the market conditions exists at the time of actual transaction. The following table shows the effect of changes in margin % and ARR on the estimated value of development properties:

	Increase	Decrease
	SR 000	SR 000
Change in value of development properties		
10% change in margins	2,099,000	(2,099,000)
1% change in ARR	990,000	(940,000)
Average change in value of development properties	**1,544,500**	**(1,519,500)**

The above values represent the minimum impact on net realisable value of the development properties of the Group exclusively for the impairment study purposes. It is not the fair market value of the development properties.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

7. Property And Equipment, Net

31 DECEMBER 2024	Land and buildings	Leasehold improvement	Vehicles	Machinery and tools	Office equipment	Total
	SR 000	SR 000	SR 000	SR 000	SR 000	SR 000
COST						
Balance at 1 January 2024	92,125	36,929	7,964	27,088	64,455	228,561
Additions for the year	-	7,817	-	-	1,607	9,424
Acquisition of a subsidiary (note 31)	-	1,501	-	-	2,042	3,543
Disposal of a subsidiary (note 30)	-	(7,039)	-	-	(339)	(7,378)
Disposal	-	(536)	-	-	(4,573)	(5,109)
Balance at 31 December 2024	**92,125**	**38,672**	**7,964**	**27,088**	**63,192**	**229,041**
ACCUMULATED DEPRECIATION						
Balance at 1 January 2024	54,357	14,535	7,690	19,441	58,980	155,003
Depreciation for the year (note b)	2,505	6,814	70	664	1,932	11,985
Disposal of a subsidiary (note 30)	-	(1,953)	-	-	(17)	(1,970)
Disposal	-	(338)	-	-	(4,573)	(4,911)
Balance at 31 December 2024	**56,862**	**19,058**	**7,760**	**20,105**	**56,322**	**160,107**
CARRYING AMOUNT AT 31 DECEMBER 2024	**35,263**	**19,614**	**204**	**6,983**	**6,870**	**68,934**

31 DECEMBER 2023	Land and buildings	Leasehold improvement	Vehicles	Machinery and tools	Office equipment	Total
	SR 000	SR 000	SR 000	SR 000	SR 000	SR 000
COST						
Balance at 1 January 2023	92,125	20,690	8,018	27,088	69,921	217,842
Additions for the year	-	18,185	280	-	858	19,323
Deemed disposal (Note a)	-	(1,660)	-	-	(5,069)	(6,729)
Disposal	-	(286)	(334)	-	(1,255)	(1,875)
Balance at 31 December 2023	**92,125**	**36,929**	**7,964**	**27,088**	**64,455**	**228,561**
ACCUMULATED DEPRECIATION						
Balance at 1 January 2023	51,852	11,012	8,015	18,573	60,009	149,461
Depreciation for the year	2,505	4,445	9	868	2,560	10,387
Deemed disposal (Note a)	-	(922)	-	-	(2,563)	(3,485)
Disposal	-	-	(334)	-	(1,026)	(1,360)
Balance at 31 December 2023	**54,357**	**14,535**	**7,690**	**19,441**	**58,980**	**155,003**
CARRYING AMOUNT AT 31 DECEMBER 2023	**37,768**	**22,394**	**274**	**7,647**	**5,475**	**73,558**

Note (a): During the year ended 31 December 2023, properties and equipment with a net book value of SR 3,244 thousand were derecognised due to loss of control (note 29).

Note (b): During the year ended 31 December 2024, depreciation for the year amounting to SR 10,205 thousand, SR 640 thousand & SR 1,140 thousand is charged to general & administrative expenses, cost of revenue and discontinued operations respectively (31 December 2023: 10,387 thousand charged to general & administrative expenses).

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

8. Investments In Associates And Joint Venture

Investments in associates and joint venture represent equity ownership in the investee companies, where the Group exercises significant influence or joint control. The Group's ownership in these investee companies ranges from 18% to 88%. For entities where the equity interest is less than 20% or more than 50%, management believes that it is able to exert significant influence due to contractual arrangement and its involvement and representation at board level. Movement in investments in associates and joint ventures is as follows:

a. Investments in associates and joint ventures:

	2024	2023
	SR 000	SR 000
Investments, beginning of the year	2,603,245	1,030,125
Additions (note iii)	-	1,255,123
Addition due to acquisition of a subsidiary (note vi)	29	-
Disposal, net (notes v & viii)	(32,262)	1,237
Share of net profits during the year	63,513	312,033
Other comprehensive (loss) / income during the year	(6,169)	4,727
Investments, end of the year	**2,628,356**	**2,603,245**

b. Summarised details of holding in respect of the Group's associates and joint venture is set out below:

	2024		2023	
	Amount	Holding	Amount	Holding
	SR 000	%	SR 000	%
Name of the entity				
Alkhair Capital Saudi Arabia (ACS) (i)	422,000	42.2%	422,000	42.2%
Khozam Real Estate Development Company (KDC) (ii)	525,547	66.5%	525,547	66.5%
Dar Global PLC (DG PLC) (iii)	1,255,123	88%	1,255,123	88%
Other associates and joint venture	52,298		71,474	
Accumulated share of profits & other comprehensive income	373,388		329,101	
Balance, end of the year	**2,628,356**		**2,603,245**	

c. Summarised financial information in respect of the Group's associates and joint venture is set out below:

As at 31 December 2024

	KDC	ACS	DG PLC	OTHERS	TOTAL
	SR 000	SR 000	SR 000	SR 000	SR 000
Total assets	543,902	1,190,764	5,399,488	239,271	7,373,425
Total liabilities	(36,635)	(30,006)	(3,607,224)	(27,599)	(3,701,464)
Net assets	507,267	1,160,758	1,792,264	211,672	3,671,961
Others - notes a	171,603	-	-	-	171,603
Group's share of net assets	**508,936**	**489,840**	**1,577,192**	**52,388**	**2,628,356**

For the year ended 31 December 2024

	KDC	ACS	DG PLC	OTHERS	TOTAL
Total revenue for the year	-	105,197	900,266	51,512	1,056,975
Total profit/loss for the year	844	27,073	55,864	2,781	86,562
Other adjustments - note b	-	145	-	(21)	124
Other comprehensive loss	-	-	(7,010)	-	(7,010)
Total comprehensive income/loss for the year	844	27,218	48,854	2,760	79,676
Group's share of profit/loss & other comprehensive income/loss for the year, net	**561**	**11,486**	**42,992**	**2,305**	**57,344**

As at 31 December 2023

	KDC	ACS	DG PLC	OTHERS	TOTAL
	SR 000	SR 000	SR 000	SR 000	SR 000
Total assets	543,059	1,156,162	2,874,441	310,675	4,884,337
Total liabilities	(36,635)	(22,622)	(1,131,032)	(76,914)	(1,267,203)
Net assets	506,424	1,133,540	1,743,409	233,761	3,617,134
Others - notes a & b	171,603	-	-	18,579	190,182
Group's share of net assets	**508,375**	**478,354**	**1,534,200**	**82,316**	**2,603,245**

For the year ended 31 December 2023

	KDC	ACS	DG PLC	OTHERS	TOTAL
Total revenue for the year	-	161,060	1,350,699	163,206	1,674,965
Total profit for the year	893	72,964	311,761	12,947	398,565
Other adjustments – note b	-	87	-	(670)	(583)
Other comprehensive income	-	-	5,372	-	5,372
Total comprehensive income for the year	893	73,051	317,133	12,277	403,354
Group's share of profit & other comprehensive income for the year, net	**594**	**30,828**	**279,077**	**6,261**	**316,760**

Other notes -

- (a) KDC net assets includes SR 172 million of premium paid to obtain exclusivity right - refer note (ii);
- (b) Other adjustments pertain to the adjustment to retained earnings of the associates and joint venture.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

Details of transactions with associates and joint ventures are disclosed under note 24 of these consolidated financial statements. The nature of relationship and operations of each reported entities are detailed below:

(i) Alkhair Capital Saudi Arabia (ACS): The Group had originally invested SR 102 million representing 34% of the paid-up share capital of ACS and during 2019, ACS increased the paid-up share capital by additional SR 700 million. The Group has acquired additional capital by investing SR 320 million and accordingly, the investment's initial cost was SR 422 million which represents 42.2% equity interest. This investment has been accounted for as investment in associate under equity method of accounting.

(ii) Khozam Real Estate Development Company (KDC): The Group investment in KDC is 66.5% with Jeddah Development and Urban Regeneration Company (JDURC). As per the arrangements, the power to govern the financial and operating activities which affect the returns of KDC is jointly bestowed with the shareholders. Accordingly, the Group does not have any right to variable returns or absolute power to control with the ability to affect the returns of the investee company and consequently, the Group's investment in KDC is accounted for as investment in joint venture under equity method.

The KDC investment include SR 359 million as capital contributions fully paid in cash and SR 172 million premium paid to obtain exclusive right to participate in the Khozam project development. Based on assessment, the management believes that the value of the total investment in KDC has not impaired.

(iii) Dar Global PLC (DGPLC): On 28 February 2023, Dar Global PLC, an indirectly wholly owned subsidiary of the Group, had listed its shares on the London Stock Exchange's main market for listed securities. Dar Global PLC offered 21,621,612 ordinary shares for subscription through a private placement at a price of USD 3.33 per share with a total value of USD 72 million. Due to issuance of new 21,621,612 shares by Dar Global PLC through private placement at the time of listing, the Group's equity interest diluted from 100% to 88%. Furthermore, due to listing requirements, the Group has lost control of the entity but exercise significant influence, hence the investment has been classified as associate and accounted for under equity method. The Group has recognised the initial investment in associate amounting to SR 1,255 million including SR 98.6 million which represents its share of other changes in equity of associate related to its share premium. The fair value of the Group's investment in DG PLC based on its trading price at 31 December 2024 is SR 4,396 million (31 December 2023: SR 2,148 million).

OTHER ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL:

(iv) Eastern Juman Company (Juman): During 2016, the Group had invested in Eastern Juman Company, a Limited Liability Company established mainly for the development of Juman project located between Dammam and Ras Tanura. The Company is registered in Riyadh under the Commercial Registration No. 1010462791 dated 15/10/1437H, (corresponding to 20/07/2016) with a capital of SR 8.2 million. The Group has paid SR 1.5 million towards the 18.29% of its capital and management believe that the value of the total investment has not impaired.

(v) Compass Project Investments SPV Limited: During 2022, the Group had invested SR 19.2 million representing 51% ownership of Compass Project Investments SPV Limited, a private company limited by shares incorporated in United Arab Emirates. However, during the year, the Group has acquired additional shares to increase its shareholding to 90% and obtained control of the entity. The fair value loss on the original 51% shareholding against the previous carrying value of investments amounting to SR 9.2 million has been recognised in the consolidated statement of income. The company is established mainly for rendering technical support for project management, cost control, construction management and risk management (refer note 31).

(vi) Compass Arabia Project Holding Limited for Professional Consultation: During 2024, in result of obtaining control of Compass Project Investment SPV Limited, the Group also obtained 30% shares in the entity conferring with significant influence over the entity. The Group's investment in the entity is accounted for as investment in associate under equity method. The Company operates in architectural and engineering consultancy activities, engineering consultation for urban planning, engineering consultation for landscape architecture.

(vii) Ibdaa Real Estate Company: During 2022, the Group had invested SR 50.8 million representing 25% ownership of Ibdaa Real Estate Company, a limited liability company registered in Jeddah. The Company operates real estate activities including, selling and purchasing of lands, real estate managements, brokerage activities, constructions including general construction for civil buildings.

(viii) 149OPL LTD: During 2022, the Group had invested SR 3.4 thousand (GBP 753) representing 75.37% ownership of 149OPL LTD, a limited liability company registered in London, United Kingdom. The Company operates real estate activities i-e buying and selling of own real estate. As per the arrangements, the power to govern the financial and operating activities which affect the returns of the company is jointly bestowed with the shareholders. Accordingly, the Group does not have any right to variable returns or absolute power to control with the ability to affect the returns of the investee company and consequently, the Group's investment in 149OPL is accounted for as investment in joint venture under equity method. During the first quarter of 2023, the Group disposed of all its shares in 149OPL at SR 3.4 thousand where the investment had the carrying value of SR (1,237) thousand.

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Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2024 (Continued)

9. Investments In Financial Assets

a) Fair value through other comprehensive income (FVOCI)

This financial asset represents equity shares held in SHL Finance Company, a publicly listed entity for medium to long-term strategic purposes and are not held for trading, hence classified as fair value through other comprehensive income. The losses arising on these financial assets are recognised in the other comprehensive income.

The movement during the year are detailed below:

	2024 SR 000	2023 SR 000
Balance, beginning of the year	191,730	215,040
Unrealised fair value loss recognised in other comprehensive loss during the year	(840)	(23,310)
Balance, end of the year	**190,890**	**191,730**

Thefair value of quoted securities is based on published market price and is categorised under Level 1 in the fair value hierarchy.

b) Details of investments in financial assets:

Equity Investments at FVTOCI - Listed Securities	Percentage ownership	2024 SR 000	2023 SR 000
SHL Finance Company	**10.5%**	**190,890**	**191,730**

10. Trade Receivables And Others

	2024 SR 000	2023 SR 000
Trade receivables – net of allowances for expected credit loss of SR 41.92 million (31 December 2023: SR 27.99 million)	3,908,254	3,337,054
Prepayments and others	251,894	272,479
Advance payments to purchase land	253,895	253,895
Due from a related party (note 24a)	63,182	-
Accrued revenue	26,251	19,231
Total	**4,503,476**	**3,882,659**

The fair value of financial assets included above approximates the carrying amount. No penalties or interests are charged for delayed payments by the customers.

a) Ageing of trade receivables

	2024 SR 000	2023 SR 000
0-60 days	810,371	341,485
61-120 days	652,600	494,244
121-180 days	717,051	643,781
Above 180 days	1,728,232	1,857,544
Total	**3,908,254**	**3,337,054**

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

Ageing are from the date of invoice and the trade receivables include about 99% (31 December 2023: 99%) receivables against land and project sales which are fully secured against such land and project parcels.

b) Expected Credit Loss evaluation of Account receivables

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group has recognised expected credit loss in full against all receivables where the analysis has indicated that these receivables are generally not recoverable. The Group has not made any expected credit loss provisions against the receivables against the sale of land and projects and dues and lease receivables from government departments.

There has been no change in the expected credit loss methodology or significant assumptions during the current reporting year.

Movement in ECL

	2024	2023
	SR 000	SR 000
Balance, beginning of the year	27,988	27,988
Allowance related to the acquisition of a subsidiary	2,216	-
Allowance for expected credit losses	11,713	-
Balance, end of the year	**41,917**	**27,988**

11. CASH AND CASH EQUIVALENTS

	2024	2023
	SR 000	SR 000
Cash in hand	78	99
Cash with bank	6,724,594	5,449,734
Total	**6,724,672**	**5,449,833**

12. BORROWINGS

	2024	2023
	SR 000	SR 000
Islamic Sukuk	7,500,000	7,500,000
Islamic Murabaha	3,994,255	2,663,200
	11,494,255	**10,163,200**
Less: Un-amortised transaction costs (note 12 a)	(70,497)	(82,895)
Borrowings end of the year	**11,423,758**	**10,080,305**
Less: Borrowings - current portion	(3,337,932)	(1,047,940)
Borrowings - non-current portion	**8,085,826**	**9,032,365**

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

a) Repayable as follows:

	2024	2023
	SR 000	SR 000
Within one year	3,344,609	1,051,227
In the second year	2,125,307	2,876,345
In the third to fifth years inclusive	5,852,327	3,711,537
Above five years	172,012	2,524,091
Total	**11,494,255**	**10,163,200**

b) Islamic borrowings transaction costs::

	2024	2023
	SR 000	SR 000
Balance, beginning of the year	82,895	66,523
Additions during the year	19,311	44,992
Amortisation charge for the year (note 20)	(31,709)	(28,620)
Balance, end of the year	**70,497**	**82,895**

c) Analysis of borrowings:

Islamic Sukuk

This represents SR 7.5 billion of Islamic Sukuk comprising:

1. SR 2.25 billion (USD 600 million) of Islamic Sukuk carried in the books of the Group, issued by Dar Al-Arkan Sukuk Company Ltd. at 6.75% and maturing in 2025.
2. SR 1.50 billion (USD 400 million) of Islamic Sukuk carried in the books of the Group, issued by Dar Al-Arkan Sukuk Company Ltd. at 6.88% and maturing in 2027.
3. SR 1.50 billion (USD 400 million) of Islamic Sukuk carried in the books of the Group, issued by Dar Al-Arkan Sukuk Company Ltd. at 7.75% and maturing in 2026.
4. SR 2.25 billion (USD 600 million) of Islamic Sukuk carried in the books of the Group, issued by Dar Al-Arkan Sukuk Company Ltd. at 8.00% and maturing in 2029.

Islamic Sukuks listed above are denominated in US dollars. Since the Saudi Arabian Riyal is exposed to limited fluctuations against the US Dollar, hence the Group is not exposed to significant foreign exchange risk. The investment profit is payable to Saudi SPVs, through which the Sukuk was issued, generated from the sale of properties that are owned by the Group, specifically Shams Ar Riyadh. The beneficial rights of the related properties are with Dar Al Arkan Real Estate Development Company and its subsidiaries with the option to buy back upon the settlement of the Sukuk in full. The Group has issued a corporate guarantee to the Sukuk holders.

The Sukuk agreements include financial covenants, which the Group was in compliance with as at 31 December 2024 and 31 December 2023.

Islamic Murabaha

This represents the bilateral Murabaha facilities from local and international commercial banks secured against real estate properties, in the form of Islamic Murabaha, letters of guarantee and letters of credit. These facilities comprise of long-term and short-term maturities ranging from 6 months to 7 years with periodic repayment as detailed below.

Summary of the Murabahas:

Maturity date	Outstanding Balance	Short-term	Long-term
	SR 000	SR 000	SR 000
2025	566,667	566,667	-
2027	360,000	67,500	292,500
2028	1,011,497	53,100	958,397
2029	1,373,684	305,263	1,068,421
2030	117,857	21,428	96,429
2031	564,550	80,650	483,900
TOTAL	**3,994,255**	**1,094,608**	**2,899,647**

The weighted average effective annual commission rate for the year ended 31 December 2024 is 7.9% (31 December 2023: 7%).

The facility agreements include certain financial covenants, which the Group was in compliance with as at 31 December 2024 and 31 December 2023.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

13. End Of Service Indemnities

The Group provides a defined end of service benefit plan to its employees in line with the labour law provisions and requirement in the Kingdom of Saudi Arabia for respective entities under the Group. The payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of cessation of their employment, as defined by the conditions stated in the labour laws of the Kingdom of Saudi Arabia. Employees' end of service benefit plans are unfunded plans where the respective entities meet the benefit payment obligations as it falls due.

The movement of the obligation accrued based on Saudi Labor Law is as follows:

	2024	2023
	SR 000	SR 000
Balance, beginning of the year	31,627	26,911
Related to acquisition of a subsidiary (Note 31)	5,236	-
Charged to expenses during the year	4,108	5,111
Disposal of a subsidiary (Note 30)	(110)	-
Re-measurement gain	(177)	2,989
Paid during the year	(2,167)	(3,384)
Balance, end of the year	**38,517**	**31,627**

During the year the Group conducted an actuarial valuation and the relevant disclosures are as follows;

a) Significant actuarial assumptions:

	2024	2023
	SR 000	SR 000
Discount rate	5.35%	4.60%
Long term salary increase rate	5.35%	4.60%
Employee attritions	Moderate	Moderate

b) Movement in present value of employee benefit obligation as per projected unit credit method is as follows:

	2024	2023
	SR 000	SR 000
Balance, beginning of the year	28,983	23,459
Net period benefit cost	4,111	3,850
Re-measurement (gain) / loss	(177)	2,989
Paid during the year	(1,775)	(1,315)
Balance, end of the year	**31,142**	**28,983**

c) Analysis of present value of obligation

	2024	2023
	SR 000	SR 000
Benefit obligation accumulated to the date of financial position	30,860	28,166
Benefits attributed to future salary increase	282	817
Total	**31,142**	**28,983**

d) Sensitivity Analysis of obligation

The sensitivity of employee benefit obligation is calculated based on a change in an assumption while all other significant actuarial assumptions, used in the valuation of employee benefit obligation, remained unchanged. The vale impact in the obligation with a change in an assumption as follows:

	2024	2023
	SR 000	SR 000
Discount rate + 0.5%	30,730	28,238
Discount rate - 0.5%	31,564	29,762
Long term salary increase + 0.5%	31,358	29,564
Long term salary increase - 0.5%	30,928	28,420

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

e) Effect of defined benefit plan on entity's future cash flows

The weighted average duration of the employee benefit obligation is 2.68 years for the year ended 31 December 2024 (31 December 2023: 5.26 years). The expected maturity analysis of discounted defined benefit obligation is as follows:

	2024	2023
	SR 000	SR 000
Within one year	4,612	3,909
In the second year	11,921	5,977
Between third and fifth years	14,609	8,604
Above five years	-	10,493
Total	**31,142**	**28,983**

14. Trade Payables And Others

	2024	2023
	SR 000	SR 000
Contract liabilities (note 14a)	2,667,911	1,100,404
Accruals and others	466,641	510,270
Unearned revenue	457,714	460,749
Trade payables	254,230	647,874
Due to a related party (note 24b)	188,675	187,834
Lease liability (note 23b)	18,253	27,264
Dividend payable	8,292	8,307
Total	**4,061,716**	**2,942,702**

The fair value of financial liabilities included above approximates the carrying amount.

a) Contract liabilities

Contract liabilities represent the unrecognised portion of invoices issued towards a duly enforceable customer contracts for sale of properties against which the agreed performance obligations are not fully satisfied.

	2024	2023
	SR 000	SR 000
Balance, beginning of the year	1,100,404	1,393,797
Invoices issued/cancelled during the year	1,687,767	12,176
Derecognition on deemed disposal (note a)	-	(214,601)
Transfer to revenue during the year (note 17)	(120,260)	(90,968)
Balance, end of the year	**2,667,911**	**1,100,404**

(Note a): During the year ended 31 December 2024, contract liabilities with a book value of SR Nil were derecognised due to loss of control (31 December 2023 SR 214,601 thousand (note 29)).

15. Zakat Provisions

a) Movement in provision for Zakat:

Zakat is recognized and provided for in the consolidated financial statements and the related movement is as follows:

	2024	2023
	SR 000	SR 000
Balance beginning of the year	308,789	386,452
Charge for the year	20,595	15,660
Acquisition of a subsidiary (note 31)	2,155	-
Paid during the year	(16,022)	(93,323)
Estimated Zakat provision, end of the year	**315,517**	**308,789**

b) The zakat liability of the Company and its subsidiaries is calculated on a consolidated basis as part of the consolidated zakat return. The Company has received the assessments from ZATCA for the years 2003 to 2014 which have been finalised. Consolidated zakat returns for all remaining years until 2023 have been filed with ZATCA. The consolidated return for the year 2024 is under preparation.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

16. Share Capital

	2024 SR 000	2023 SR 000
1,080,000,000 ordinary shares of SR 10 each	10,800,000	10,800,000
Issued and fully paid shares of SR 10 each: At the start of the year	10,800,000	10,800,000
At the end of the year	**10,800,000**	**10,800,000**

The Company has one class of ordinary shares.

17. Revenue

The Group derives its revenue from development properties through contracts with customers for the transfer of properties at a point in time and over time. The below revenue details are consistent with the revenue information that is disclosed for each reportable segment (see note 4).

The Group signed contract for the significant portion of entire project for SAR 6.7 billion and is waiting for final approval from respective regulatory authorities. Once confirmation is received based on the completed obligations, the respective revenue will be recognised as per the policy of the Group.

Disaggregation Of Revenue	Basis of Recognition	2024 SR 000	2023 SR 000
Sale of development properties	At a point in time -	3,101,919	2,372,971
Sale of development properties	Over the time -	34,218	90,968
Sale of residential properties	Over the time -	120,260	-
Sale of residential properties	At a point in time -	193,453	107,324
Leasing of properties	Straight-line basis -	143,286	133,204
Others	Over the time -	165,886	2,633
Total		**3,759,022**	**2,707,100**

18. Cost Of Revenue

	2024 SR 000	2023 SR 000
Development properties	1,807,979	1,526,766
Residential properties	200,686	75,307
Direct cost on leasing – depreciation (note 5)	33,658	34,132
Others	116,691	489
Total	**2,159,014**	**1,636,694**

19. General And Administrative Expenses

	2024 SR 000	2023 SR 000
General and administrative expenses	246,411	188,981
Depreciation (note 7 & 23a)	19,490	16,115
Total	**265,901**	**205,096**

20. Finance Costs

	2024 SR 000	2023 SR 000
Finance charges on Sukuk	551,310	477,601
Finance charges on Islamic Murabaha	269,304	257,255
Finance charges on lease liability (note 23b)	1,583	983
Amortisation of transaction costs (note 12b)	31,709	28,620
Total	**853,906**	**764,459**

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

21. Other Income, Net

	2024	2023
	SR 000	SR 000
Finance income	246,318	199,613
Other, net	18,501	13,921
Total	**264,819**	**213,534**

Finance income of SR 246 million (2023: SR 200 million) at mutually agreed terms are generated out of short-term Murabaha deposit with local and regional financial institution arranged through Al Khair Capital.

22. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	2024	2023
	SR 000	SR 000
Net profit attributable to Dar Al Arkan shareholders arises from:		
Continuing operations	788,931	610,758
Discontinued operations	18,902	-
	807,833	**610,758**
Number of shares		
Weighted average number of ordinary shares		
For the purposes of earnings per share	**1,080,000,000**	**1,080,000,000**
Basic/diluted earnings per share from continuing operations	0.73	0.57
Basic/diluted earnings per share from discontinued operations	0.02	-
	0.75	**0.57**

There is no dilution of ordinary shares and as such the basic and diluted earnings per share calculation are consistent.

23. Lease Arrangements

A: GROUP AS LESSEE

a) Right-of-use assets

Below is the "right-of-use assets" for the lease arrangements entered and unexpired as at the reporting date, qualifying for accounting under IFRS 16. The details and movements for these assets are summarised as follows, and the depreciation charged to this asset is included in depreciation expenses.

	2024	2023
	SR 000	SR 000
COST		
At beginning of the year	42,316	28,851
Disposal of a subsidiary (note 30 a)	(7,336)	-
Deemed disposal	-	(14,701)
Acquisition of a subsidiary (note 31 a)	2,136	-
Termination/retirements	(3,166)	-
Additions for the year	3,801	28,166
At end of the year	**37,751**	**42,316**
ACCUMULATED DEPRECIATION		
At beginning of the year	12,105	11,176
Disposal of a subsidiary (note 30 a)	(2,970)	-
Deemed disposal	-	(4,799)
Termination/retirements	(2,920)	-
Charged during the year (note a)	10,856	5,728
At end of the year	**17,071**	**12,105**
NET BOOK VALUE AT THE END OF THE YEAR	**20,680**	**30,211**

(Note a): During the year ended 31 December 2024, depreciation for the year amounting to SR 9,285 thousand & SR 1,571 thousand is charged to general & administrative expenses and discontinued operations respectively (31 December 2023: 5,728 thousand charged to general & administrative expenses).

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

The balance in right of use assets are included within the property and equipment on the consolidated statement of financial position.

b) Lease liabilities

Lease liabilities represent unexpired lease qualified for accounting under IFRS 16 requirements. Details of the movement of these lease liabilities is as below. The interest cost accrued is included in the finance costs.

	2024	2023
	SR 000	SR 000
LIABILITY		
At beginning of the year	45,267	29,874
Disposal of a subsidiary (note 30 a)	(7,802)	-
Deemed disposal	-	(13,756)
Termination	(3,214)	-
Additions for the year	3,801	28,166
Acquisition of a subsidiary (note 31a)	1,715	-
Finance cost for the year (note 20)	1,583	983
At end of the year	**41,350**	**45,267**
PAYMENTS		
At beginning of the year	18,003	12,000
Disposal of a subsidiary (note 30 a)	(3,284)	-
Deemed disposal	-	(3,478)
Termination	(3,214)	-
Paid during the year	11,592	9,481
At end of the year	**23,097**	**18,003**
BALANCE AT THE END OF THE YEAR	**18,253**	**27,264**

The balance in lease liability is included within trade payables and others on the consolidated statement of financial position.

c) Minimum lease payments

The minimum lease payments undiscounted under non-cancellable lease rentals are as follows:

	2024	2023
	SR 000	SR 000
AMOUNTS DUE:		
Within one year	9,437	9,957
Between one and five years	10,668	20,487
Above five years	-	-
Total	**20,105**	**30,444**

B: GROUP AS LESSOR

The Group has investment properties (refer note 5) consists of residential and commercial real estate properties that are retained in its master planned community with an intention to generate consistent recurring income. These properties are leased, both on short term and long term operating lease arrangements to various customers, including corporates, government and individuals for their residential and commercial requirements. For the relevant reporting year, the details of income generated and the direct cost of leasing is detailed in reporting segments note (refer note 4).

The minimum gross lease receivables under non-cancellable lease rentals are as follows:

	2024	2023
	SR 000	SR 000
Within one year	138,434	116,352
Between one and five years	237,070	216,325
After five years	87,074	98,096
Total	**462,578**	**430,773**

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

24. Related Party Transactions

During the normal course of its operations, the Group had the following significant transactions with related parties during the year ended 31 December 2024 and 2023 along with their balances.

			2024	2023
RELATED PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	SR 000	SR 000
Dar Global PLC	Associate	Loan (Note c)	799,082	-
		Financial support	53,522	-
		Interest on loan	9,660	-
Khozam Real Estate Development Company	Associate	Management fee charged	960	960
SHL Finance Company	Affiliate	Sales to third party customer (Note e)	2,173	3,802

a) Due from a related party

During the year, the Group has transferred amount to finance the operations of Dar Global PLC, an associate company. The balance is as follows:

	2024	2023
	SR 000	SR 000
Balance, end of the year	63,182	-

b) Due to a related party

Khozam Real Estate Development Company (KDC) is a jointly-controlled entity (note 8). KDC management has invested excess cash balance of KDC with the Group at a nominal profit rate. The balance is classified under trade payables and others (note 14) and repayable on demand. The balance payable at the year end is as follows:

	2024	2023
	SR 000	SR 000
Balance, end of the year	188,675	187,834

c) Loan to a related party

During the year, the Group has extended a loan to Dar Global PLC, an associate company. The loan is interest bearing at arm's length commercial terms and will be amortised over the period of four years.

	2024	2023
	SR 000	SR 000
Balance, end of the year	799,082	-

d) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year are as follows:

	2024	2023
	SR 000	SR 000
Short-term benefits	10,121	9,722
End-of-service benefits	796	765
Remunerations and attendance fees to Board of Directors and Executive Committee	2,085	-
Total	13,002	10,487

(i) SHL Finance Company:

During the year, the Group sold residential homes to individuals who sought financing from SHL. In these instances, SHL pays the consideration in respect of the residential property sale to the Group on behalf of the individual buyer of the property. There is no recourse to the Group if buyer of the property defaults against financing obtained from SHL.

25. Retirement Benefit Plans

The Group makes payments to defined contribution retirement benefit plans in the form of contribution to the General Organisation of Social Insurance that are charged as an expense as they fall due. Payments are made on the basis of a percentage of qualifying salary for certain employees to this state-managed scheme.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 was SR 4.1 million (31 December 2023: SR 5.11 million), and the outstanding contribution as at 31 December 2024 is SR 123 thousand (31 December 2023: SR 165 thousand).

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

26. Capital Management

The executive committee reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to its shareholders through optimisation of debt and equity balances. The Group's overall strategy remains unchanged from 2007, when the Group diversified its sources of funding and issued two medium term Sukuks ranging from 3-5 years. Considering the track record of timely repayment of the first two Sukuk and the group expertise developed over the past five years to access international markets for shariah' compliant funding, the management continue to maintain its relationship with the financial institutions and monitor the markets for future issuance. The Group adhere to international best practices in corporate governance and consider the capital market transactions to create additional shareholders value.

The capital structure of the Group consists of net debt (borrowings adjusted with cash and cash equivalents) and equity (comprising share capital, statutory reserve, and retained earnings). The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The Group consistently monitors its gearing ratio, to ensure compliance with external covenant requirements.

The gearing ratio at end of the reporting year was as follows:

	2024 SR 000	2023 SR 000
Islamic borrowings	11,423,758	10,080,305
Cash and cash equivalents	(6,724,672)	(5,449,833)
	4,699,086	**4,630,472**
Shareholders' equity	21,100,714	20,291,881
Net debt to equity ratio	**22%**	**23%**

27. Financial Risk Management

The Group's principal financial liabilities are mainly comprised of Islamic Murabaha (term and annual revolving) facilities taken from banks, issue of Islamic Sukuk, trade payable and other payables to contractors and suppliers. The paramount objectives of these financial instruments are to raise the funding base for various projects as well as for the working capital requirement of the Group.

The Group also has financial assets in the form of bank deposits, cash in hand, due from related parties and trade and other receivables, which are integral and directly derived out of its regular business. On the reporting date the Group has not entered into any non-Islamic financial variable instrument contracts by way of currency hedging, commission rate swap agreements or similar instruments.

The Group's financial operations are subject to the following risks:

1. Credit Risk
2. Commission Rate Risk
3. Liquidity Risk
4. Foreign Currency Risk
5. Price Risk

Credit Risk

The Credit Risk can be defined as a loss of value of an asset as a result of a failure by a customer or a counter party to such commercially valid and legally enforceable contract to comply with its obligations.

The general sales policy of the Group is "No Credit" terms, but in some cases there are enhanced payment schedules or staggered payment request by selected customers which have been accommodated. In such cases the Group has an exposure of credit risk with respect to the amount due from those customers. However, in such cases the Group holds back the final delivery or possession of the property to mitigate the risk until the full amount due is paid to the satisfaction of the contract. The monitoring and follow up of balances is completed regularly and as a result the Group's exposure to losses is limited.

With respect to the credit risk exposure of other financial assets, namely, due from related parties, loan to a related party, bank deposits and trade and other receivables, the maximum credit risk of the Group is limited to their carrying values, in case there is a failure of the other party to meet its obligation.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

Credit Risk (continued)

The summary of financial assets subject to credit risk is detailed below:

	2024	2023
	SR 000	SR 000
Cash and cash equivalents	6,724,672	5,449,833
Trade receivable, net	3,908,254	3,337,054
Loan to a related party	799,082	-
Total	**11,432,008**	**8,786,887**

As of the reporting date, the Group does not have significant credit risk concentration with any single party or a group.

Commission Rate Risk

Commission Rate Risk is associated with a change in the commission rate available when renegotiating financial instruments that are influenced by the current global financial market conditions. The Group is exposed to commission rate risk with respect to its floating commission rate agreed for its Islamic Murabaha (revolving credit) facilities obtained from local banks.

The short-term revolving borrowings' rates are renegotiated at every renewal proposal to achieve the best possible commission rate to reflect the given financial credentials and related risk perception of the Group.

The Group's local borrowings are based on SAIBOR. Hence the commission rate exposure of the Group is variable according to the changes in the SAIBOR.

The commission rate sensitivity analysis is performed based on the commission rate exposure of the Group for floating rate liabilities outstanding at the reporting date. The calculations are done on floating commission rates assuming the liabilities outstanding for a whole year as at the reporting date.

During the year, the average rate of 3 months SAIBOR varied between 5.37% and 5.80% (6.16% and 6.38% for 2023).

The sensitivity of commission rate variance on the Group's external borrowings which affects the consolidated financial statements of the Group is shown below:

	2024	2023
	SR 000	SR 000
+ 25 basis points	9,986	6,658
- 25 basis points	(9,986)	(6,658)

The net profit of the Group for the reported year would have been affected by the above amount as a result of such changes in floating commission rates. If there is any capitalisation of borrowing costs directly attributed to projects in progress, there would be timing differences on such an impact to the Group's current profit and loss account and the current impact would be nil as there were no capitalisation for the current year as explained in note 2.9.

Liquidity Risk

Liquidity Risk can result from a difficulty to meet the financial commitments and obligations of the Group as per the agreed terms and covenants.

To mitigate the liquidity risk and associated losses of business and brand value opportunities; the Group, where possible, keeps sufficient liquid assets in all business conditions. The Group refrains from funding its long term capital requirements through short term borrowings and related party current account transactions. Currently the long term projects are funded from long term or revolving borrowings only. The Group also has a dynamic cash flow assessment policy and system by which it can estimate and plan the maturities as well as required resources to meet such obligations.

The total weighted average effective annual commission rate for the year ended 31 December 2024 is 7.9% (31 December 2023: 7%).

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

The maturity profile of financial liabilities of the group with undiscounted gross cash flows for the remaining contractual maturities for both principal and interest, wherever applicable, as at 31 December 2024 and 31 December 2023 are as follows:

31 December 2024	Within 3 Months	3 months to 1 year	One year to 2 years	3 year to 5 years	Above 5 yearst	No Fixed Maturity	Total
	SR 000	SR 000	SR 000	SR 000	SR 000	SR 000	SR 000
FINANCIAL LIABILITIES							
Islamic borrowings	2,821,298	1,199,223	2,733,719	6,527,058	182,412	-	13,463,710
Trade payables and others	90,717	3,255,774	471,917	4,757	51,097	189,307	4,063,569
TOTAL	**2,912,015**	**4,454,997**	**3,205,636**	**6,531,815**	**233,509**	**189,307**	**17,527,279**

31 December 2023	Within 3 Months	3 months to 1 year	One year to 2 years	3 year to 5 years	Above 5 yearst	No Fixed Maturity	Total
FINANCIAL LIABILITIES							
Islamic borrowings	640,144	1,108,591	3,424,818	4,607,169	2,574,320	-	12,355,042
Trade payables and others	107,393	2,089,812	477,940	10,116	42,710	214,731	2,942,702
TOTAL	**747,537**	**3,198,403**	**3,902,758**	**4,617,285**	**2,617,030**	**214,731**	**15,297,744**

Foreign Currency Risk

Foreign Currency Risk is associated with the change in the value of the carrying value in the functional currency due to the variation of the underlying foreign currency obligation or right by way of transaction or translation reasons. The functional currency of the Group is the Saudi Riyal that is pegged against the US Dollar with a fixed exchange rate of 3.75 Saudi Riyals per US Dollar. Since transactions, other than US Dollars, are negligible; the Group does not assume any significant foreign currency risk.

Price Risk

Price Risk is associated to the fair value or future cash flows of a financial assets/securities that will fluctuate because of changes in market prices. It primarily stems from investments in securities' trading. The Group has limited exposure to price risk with such risk arising from investments in securities carried at fair value. However, the position in investments in securities, considering current and expected future economic trends, is regularly reviewed.

28. Commitments And Contingencies

To complete the long term construction and development of investment and development properties, the Group have committed to a number of contractual arrangements and agreements. The estimated uncompleted contracts outstanding as at 31 December 2024 amounts to SR 91 million (31 December 2023: SR 106 million) and performance commitment through a bank guarantee for SR 81 million against receivable collected (31 December 2023: SR 81 million).

These commitments are expected to be settled within the duration of the projects in progress and shall be funded through prospective property sales and external borrowings, if necessary.

During the normal course of business there are general litigations and legal claims. Management takes legal advice as to the likelihood of success of claims and no provision is made when the action is unlikely to succeed.

At 31 December 2024, there were no significant claims notified (31 December 2023: None).

29. Deemed Disposal Of A Subsidiary

On 28 February 2023, Dar Global PLC, an indirectly wholly owned subsidiary of the Group, had listed its shares on the London Stock Exchange's main market for listed securities. Dar Global PLC offered 21,621,612 ordinary shares for subscription through a private placement at a price of USD 3.33 per share with a total value of USD 72 million. Due to issuance of new 21,621,612 shares by Dar Global PLC through private placement, at the time of listing, the Group's equity interest diluted from 100% to 88%. Furthermore, due to listing requirements, the Group has lost control of the entity but exercise significant influence, hence the investment has been classified as associate and accounted for under equity method.

The assets and liabilities of Dar Global PLC were derecognised due to loss of control. The remeasured fair value of the retained interest amounted to SR 1.2 billion and no gain/loss was recognised on remeasurement of retained interest in associate.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

30. Disposal Of A Subsidiary

On 14 October 2024, the Group has disposed of its all shares in Dar Al Arkan for Real Estate Development LLC, a beneficially wholly owned subsidiary of the Group established under the laws of the state Qatar, under the Commercial Registration No. 165584, 14/7/1443 H (corresponding to 15/02/2022 G).

a) The carrying amounts of assets and liabilities at the date of sale were:

	NOTE	14 OCTOBER 2024
ASSETS		SR 000
Development properties	6	222,759
Property and equipment, net	7	5,408
Right of use of assets, net	23a	4,366
Prepayments and others		15,461
Cash and cash equivalents (Note c)		35,484
Total assets		**283,478**
LIABILITIES		
Trade payables and others		303,945
Lease liabilities	23b	4,518
End of service indemnities	13	110
Total liabilities		**308,573**
Net liabilities		**(25,095)**

b) The results of Dar Al Arkan for Real Estate Development LLC for the period from 1 January 2024 till the date of disposal are as follows:

	FOR THE PERIOD ENDED 14 OCTOBER 2024
	SR 000
General and administrative expenses	(6,418)
Gain on disposal of a subsidiary (Note d)	25,320
Net profit attributable to discontinued operations	**18,902**

c) The cash flow incurred by Dar Al Arkan for Real Estate Development LLC are, as follows:

	FOR THE PERIOD ENDED 14 OCTOBER 2024
	SR 000
Operating activities	188,956
Investing activities	(167,462)
Financing activities	391
Net cash inflows during the period	**21,885**
Cash and cash equivalents beginning of the period	13,599
Net cash flows disposed off	**35,484**

d) Details of the disposal of a subsidiary

	FOR THE PERIOD ENDED 14 OCTOBER 2024
	SR 000
Consideration	1,245
Adjusted against due from a related party	(1,020)
Total Consideration, net	**225**
Total net liabilities assumed by buyer on disposal	25,095
Gain on disposal	**25,320**

31. Acquisition Of A Subsidiary

During the year ended 31 December 2024, the Group has increased its ownership in Compass Project Investments SPV ("Compass") to 90% as follows;

a) On 20 February 2024 (the "Acquisition date"), the Group signed a share purchase agreement to acquire additional equity interest of 32.65% in Compass Project Investments SPV ("Compass"); a private company limited by shares incorporated in United Arab Emirates under Abu Dhabi Global Market (ADGM) regulations. Accordingly, the Group's equity interest increased from 51% to 83.65%. The Group's investment in Compass was previously accounted for as investment in an associate under equity method (Note 8). During the year 2024, the Group has obtained control, consequently, has commenced consolidating Compass. Compass is established mainly for rendering technical support for project management, cost control, construction management and risk management. This acquisition is in line with the Group's strategy of diversification and explore new opportunities in MENA region.

Dar Al Arkan Real Estate Development Company (Saudi Joint Stock Company)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2024 (Continued)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Compass Project Investments SPV as at the Acquisition date are summarised below.

I) ASSETS & LIABILITIES	NOTE	FAIR VALUE RECOGNISED ON ACQUISITION
ASSETS		SR 000
Property and equipment, net	7	3,543
Right of use of assets, net	23a	2,136
Investment in associate	8	29
Trade receivables and others		97,360
Cash and cash equivalents		20,759
Total assets		**123,827**
LIABILITIES		
Borrowings		4,000
End of service indemnities	13	5,236
Trade payables and others		66,523
Lease liabilities	23b	1,715
Zakat Payable	15	2,155
Total liabilities		**79,629**
Total identifiable net assets at fair value		**44,198**
Non-controlling interest measured at fair value		(7,226)
Investments in associate transferred (Note iii)		(23,057)
Consideration transferred		(12,750)
Gain on acquisition		1,165

II) ANALYSIS OF CASH FLOWS ON ACQUISITION	
Net cash acquired with the subsidiary	20,759
Cash consideration	(12,750)
Net cash flow on acquisition	**8,009**

III) FAIR VALUE LOSS ON REMEASURING THE PREVIOUSLY HELD EQUITY INTEREST	NOTE	FAIR VALUE RECOGNISED ON ACQUISITION
		SR 000
Carrying amount of investments in associate transferred		32,262
Fair value loss on remeasurement		(9,205)
Fair value of investments in associate transferred		**23,057**

b) Acquisition of additional interest in subsidiary

Subsequent to the above acquisition, the share capital of the Compass was increased by SR 37.4 million in which SR 25.19 million and SR 1.6 million were invested by the Group and the non-controlling shareholder respectively. Due to this additional investment in share capital of the Compass, the Group's ownership increased by 6.35%.

Due to no change in control, the additional acquisition of the Group's ownership interest in Compass is accounted for as an equity transaction. Consequently, the excess consideration paid over the carrying value of Compass's additional ownership interest acquired is recognized in retained earnings.

The Carrying value of the net assets of Compass as of the acquisition date was SR 44.2 million. The details of additional interest acquired in Compass are:

	2024
	SR 000
Carrying value of the additional interest in Compass	2,806
Consideration for non-controlling partner	(1,080)
Difference recognized in retained earnings	**1,726**

32. Approval Of The Consolidated Financial Statements

The consolidated financial statements were approved by the board of directors and authorized for issue on 18 March 2025.

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