

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim
Financial Statements (Unaudited)
For the three and nine-month periods ended
30 September 2021
Together with the
Independent Auditor's Review Report

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
For the three and nine- month periods ended 30 September 2021

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KPMG Professional Services

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سجل تجاري رقم 1010425494

Independent auditor's report on review of condensed consolidated interim financial statements

To the shareholders of Al-Andalus Property Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 September 2021 condensed consolidated interim financial statements of Al-Andalus Property Company (the "Company") and its subsidiaries (the "Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2021;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2021;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independent auditor's report on review of condensed consolidated interim financial statements (continued)

To the shareholders of Al-Andalus Property Company
(A Saudi Joint Stock Company)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2021 condensed consolidated interim financial statements of Al-Andalus Property Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No: 371



Riyadh on :
Date: 29 Rabie ALAwal 1443H
Corresponding to: 4 November 2021

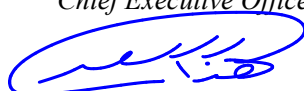
ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 September 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	<i>Note</i>	30 September 2021 (Unaudited)	31 December 2020 (Audited)
<u>ASSETS</u>			
Non-current assets			
Investment properties	7	978,608,984	990,385,904
Property and equipment	6	151,495,499	155,822,329
Right-of-use assets		84,494,890	89,108,496
Investments in associates	8	530,987,890	481,482,965
Total non-current assets		1,745,587,263	1,716,799,694
Current assets			
Receivable against operating leases		61,980,264	50,999,217
Prepayments and other assets		9,186,349	15,192,446
Due from related parties	13	1,317,462	14,846,585
Financial instruments at fair value through profit or loss	10	20,005,520	-
Cash and cash equivalents	9	207,042,414	182,483,190
Total current assets		299,532,009	263,521,438
Total assets		2,045,119,272	1,980,321,132
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	1	933,333,330	700,000,000
Statutory reserve		83,508,148	96,841,478
Retained earnings		58,888,791	256,335,553
Equity attributable to shareholders of the Company		1,075,730,269	1,053,177,031
Non-controlling interests		171,890,118	182,939,218
Total equity		1,247,620,387	1,236,116,249
<u>LIABILITIES</u>			
Non-current liabilities			
Employees' benefits – defined benefit obligation		9,357,835	8,491,143
Lease liability on right-of-use assets		123,833,095	117,729,800
Islamic finance facilities	11	558,471,275	514,994,751
Total non-current liabilities		691,662,205	641,215,694
Current liabilities			
Advances from lessees and deferred revenue		50,425,920	36,047,028
Lease liability on right-of-use assets - current portion		6,350,000	15,700,000
Due to related parties	13	15,938,317	16,396,502
Zakat provision		3,916,515	6,507,510
Accrued and other liabilities		29,205,928	28,338,149
Total current liabilities		105,836,680	102,989,189
Total liabilities		797,498,885	744,204,883
Total equity and liabilities		2,045,119,272	1,980,321,132

Fawaz Abdulaziz Bin Huwail
Chief Financial Officer



Hathal Bin Saad Alutaibi
Chief Executive Officer

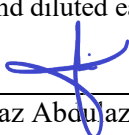
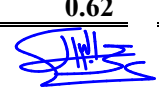


Dr. Abdulrahman Mohammed Albarrak
Authorized Board Member



The accompanying notes 1 through 18 form an integral part of these condensed consolidated interim financial statements.


ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)**
For the three-month and nine-month periods ended 30 September 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

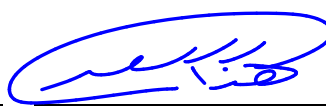
	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue	14	55,438,404	36,984,093	158,344,458	110,373,341
Cost of revenue	14	(18,007,982)	(19,963,715)	(51,784,063)	(51,799,660)
Gross profit		37,430,422	17,020,378	106,560,395	58,573,681
General and administrative expenses		(9,761,179)	(7,883,826)	(30,645,991)	(23,360,513)
Marketing expenses		(385,951)	(86,566)	(1,387,506)	(1,139,901)
Share of income from associates	8	5,799,799	4,077,273	22,229,925	17,936,650
Other income		235,286	109,404	1,268,622	571,633
Impairment loss on property and equipment and investment property		-	(1,500,000)	-	(21,500,000)
Operating profit		33,318,377	11,736,663	98,025,445	31,081,550
Interest expense on lease liabilities		(3,066,098)	(3,137,017)	(9,198,294)	(9,411,050)
Finance costs		(3,507,951)	(3,849,422)	(10,607,751)	(9,134,445)
Profit before Zakat		26,744,328	4,750,224	78,219,400	12,536,055
Zakat expense		(861,717)	(1,472,797)	(2,690,262)	(3,689,213)
Profit for the period		25,882,611	3,277,427	75,529,138	8,846,842
Attributable to:					
Shareholders of the Company		19,367,128	3,132,949	57,553,238	8,891,711
Non-controlling interests		6,515,483	144,478	17,975,900	(44,869)
		25,882,611	3,277,427	75,529,138	8,846,842
Other comprehensive income					
Items that will not be reclassified to statement of profit or loss:					
Re-measurement of employees' benefits – defined benefit obligation		-	-	-	-
Total comprehensive income for the period		25,882,611	3,277,427	75,529,138	8,846,842
Total comprehensive income for the period attributable to:					
Shareholders of the Company		19,367,128	3,132,949	57,553,238	8,891,711
Non-controlling interests		6,515,483	144,478	17,975,900	(44,869)
		25,882,611	3,277,427	75,529,138	8,846,842
Earnings per share					
Basic and diluted earnings per share	12	0.21	0.03	0.62	0.10
					
Fawaz Abdulaziz Bin Huwail Chief Financial Officer			Hathal Bin Saad Alutaibi Chief Executive Officer		Dr. Abdulrahman Mohammed Albarrak Authorized Board Member

The accompanying notes 1 through 18 form an integral part of these condensed consolidated interim financial statements.

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the nine-month period ended 30 September 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Equity Attributable to the shareholders of the Company	Non- controlling interests	Total
Balance as at 1 January 2021 - Audited	700,000,000	96,841,478	256,335,553	1,053,177,031	182,939,218	1,236,116,249
Increase in capital through issuance of bonus shares – (Note 1)	233,333,330	(13,333,330)	(220,000,000)	-	-	-
Profit for the period – Unaudited	-	-	57,553,238	57,553,238	17,975,900	75,529,138
Other comprehensive income – Unaudited	-	-	-	-	-	-
Total comprehensive income for the period - Unaudited	-	-	57,553,238	57,553,238	17,975,900	75,529,138
Dividends declared during the period – (Note 16)	-	-	(35,000,000)	(35,000,000)	(29,025,000)	(64,025,000)
Balance as at 30 September 2021 – Unaudited	933,333,330	83,508,148	58,888,791	1,075,730,269	171,890,118	1,247,620,387
Balance as at 1 January 2020 – Audited	700,000,000	95,381,933	313,698,094	1,109,080,027	199,658,418	1,308,738,445
Profit / (loss) for the period – Unaudited	-	-	8,891,711	8,891,711	(44,869)	8,846,842
Other comprehensive income – Unaudited	-	-	-	-	-	-
Total comprehensive income / (loss) for the period – Unaudited	-	-	8,891,711	8,891,711	(44,869)	8,846,842
Dividends declared during the period	-	-	(70,000,000)	(70,000,000)	(19,368,022)	(89,368,022)
Balance as at 30 September 2020 – Unaudited	700,000,000	95,381,933	252,589,805	1,047,971,738	180,245,527	1,228,217,265


Fawaz Abdulaziz Bin Huwail
Chief Financial Officer


Hathal Bin Saad Alutaibi
Chief Executive Officer


Dr. Abdulrahman Mohammed Albarrak
Authorized Board Member

The accompanying notes 1 through 18 form an integral part of these condensed consolidated interim financial statements.

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	For the nine-month period ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
<u>Operating activities</u>		
Profit before Zakat	78,219,400	12,536,055
Adjustments for non-cash items:		
Depreciation:		
- Investment properties	16,225,744	15,792,019
- Property and equipment	4,489,968	5,067,928
- Right-of-use assets	4,613,607	4,613,607
Impairment loss on non-financial asset	-	21,500,000
Share in the income of associates	(22,229,925)	(17,936,650)
Employees' benefits – defined benefit obligation	959,206	1,121,759
Gain on investment at fair value through profit or loss	(34,554)	(233,192)
Finance costs	19,806,045	18,545,495
Changes in:		
Receivables against operating leases	(10,981,046)	(28,898,535)
Prepayments and other assets	6,006,098	20,081,958
Related parties' balances, net	13,070,938	20,415,847
Advances from lessees and deferred revenue	14,378,896	8,936,755
Accrued and other liabilities	(1,516,718)	(6,124,825)
Dividends received from associates	16,250,000	15,750,000
	139,257,659	91,168,221
Employees' benefits – defined benefit obligation paid	(92,514)	(7,062)
Zakat paid	(5,281,262)	(11,243,590)
Net cash generated from operating activities	133,883,883	79,917,569
<u>Investing activities</u>		
Additions to property and equipment	(163,138)	(1,693,755)
Additions to investment properties	(4,448,824)	(255,505,952)
Investment in financial instruments at fair value through profit or loss	(19,970,966)	35,247,191
Additions to investment in associate	(43,525,000)	(6,250,000)
Net cash used in investing activities	(68,107,928)	(228,202,516)
<u>Financing activities</u>		
Proceeds from Islamic finance facilities	42,677,500	248,125,000
Payment for Islamic finance facilities	(7,424,231)	(9,793,000)
Payment of lease liability on right-of-use assets	(12,445,000)	(15,700,000)
Dividends paid	(64,025,000)	(89,368,022)
Net cash (used in) / generated from financing activities	(41,216,731)	133,263,978
Net change in cash and cash equivalents during the period	24,559,224	(15,020,969)
Cash and cash equivalents at the beginning of the period	182,483,190	148,233,398
Cash and cash equivalents at end of the period	207,042,414	133,212,429

Fawaz Abdulaziz Bin Huwail
Chief Financial Officer

Hathal Bin Saad Alutaibi
Chief Executive Officer

Dr. Abdulrahman Mohammed Albarrak
Authorized board member

The accompanying notes 1 through 18 form an integral part of these condensed consolidated interim financial statements.

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the nine-month period ended 30 September 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

1 INFORMATION ABOUT THE COMPANY

Al-Andalus Property Company (the “Company”) is a Saudi joint stock company established pursuant to the Ministerial Resolution No. 2509 dated 03/09/1427H corresponding to 26/09/2006 approving the declaration of the establishment of the Company. The Company is registered in Riyadh under the Commercial Registration No. 1010224110 dated 17/09/1427H corresponding to 10/10/2006.

The main activities of the Company include construction, ownership and management of centers, commercial and residential complexes in addition to general contracting of residential, commercial buildings, educational, recreational, health institutions, roads, dams, water and sewage projects, electrical and mechanical works. The activities also include maintenance and operation of real estate properties, buildings and commercial complexes as well as ownership, development and investment of lands and real estate properties for the benefit of the Company and based on its purposes.

On 25 August 2021 (corresponding to 17 Muharram 1443), the extra ordinary general meeting approved to increase the share capital from SR 700,000,000 to SR 933,333,330 through the transfer of SR 220,000,000 and SR 13,333,330 from “Retained Earnings and Statutory Reserve accounts”, respectively. Accordingly, the share capital of the Company as of 30 September 2021 amount to SR 933,333,330 divided into 93,333,333 shares with a nominal value of SR 10 each (31 December 2020: SR 700,000,000 Saudi Riyals divided into 70,000,000 shares with a nominal value of SAR 10 each).

The Head office of the Company is located in Riyadh - Al Wadi District - Northern Ring Road - Al-Andalus Property Company Building.

The Company’s financial year starts on 1 January and ends on 31 December of each Gregorian year.

Al-Andalus Property Company is referred to as (the “Company”) or collectively with its subsidiaries disclosed in Note 3 as (the “Group”).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements (the “Interim Financial Statements”) as of and for the nine-month period ended 30 September 2021 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2020.

These interim financial statements do not include all the information and disclosures required in the annual financial statements in accordance with requirements of IFRS endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”). However, these interim financial statements include certain disclosures to explain some significant events and transactions to understand the changes in the Group’s financial position and performance since the last annual financial statements.

2.2 Basis of measurement

The interim financial statements have been prepared on a historical cost basis, except for defined benefit obligation - employees’ benefits which are measured at present value using the projected unit credit method.

As required by the Capital Market Authority (“CMA”) through its circular dated 16th October 2016 the Group needs to apply the cost model to measure the properties and equipment, investment properties, and intangible assets upon adopting the IFRS for three years period starting from the IFRS adoption date.

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the nine-month period ended 30 September 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

2 BASIS OF PREPARATION(CONTINUED)

2.2 Basis of measurement (continued)

On 31 December 2019, CMA has examined the suitability of continuing to use the cost model or permitting the use of the fair value model or revaluation options and has made the following decisions:

- Obligating listed companies to continue to use the cost model to measure Properties (IAS 16) and Investment Properties (IAS 40) in the financial statements prepared for financial periods within fiscal years, which start before the calendar year 2022; and
- Allowing listed companies, the policy choice to use the fair value model for investment property subsequent to initial measurement or the policy choice to use the revaluation model for property (IAS 16) subsequent to initial recognition in the financial statements prepared for financial periods within fiscal years starting during the calendar year 2022 or thereafter.

2.3 Impact of coronavirus (Covid-19) outbreak

During the period ended 30 September 2020, the Group's operations were significantly affected by the outbreak of the coronavirus disease "COVID-19" which was declared a pandemic by the World Health Organization in March 2020. The "COVID-19" pandemic that spread across various geographies globally, caused disruption to business and economic activities. The fiscal and monetary authorities, both domestic and international, announced various support measures across the globe to counter possible adverse implications. The Government of Kingdom of Saudi Arabia ("the Government"), however, has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government. Since majority of the business activities were resumed in the Kingdom during the current period. hence, the Group's revenues have significantly improved compared with the same period in the last year due to discounts allowed to tenants at that time. As the COVID-19 outbreak continues to evolve, it is difficult to forecast its full extent and duration of the economic impact as of now. However, the management of the Group is continuously monitoring the situation and its impact on the Group's operation, cash flows and financial position and has concluded that no adjustments are required to the amounts reported in these interim financial statements. Moreover, the management believes, based on their assessment, that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.

2.4 Presentational currency

The presentational currency of the Group is Saudi Riyals (SR).

3 BASIS OF CONSOLIDATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries listed below as of and for the period ended 30 September 2021:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	
		<u>2021</u>	<u>2020</u>
AlAhli REIT Fund 1	Kingdom of Saudi Arabia	68.73%	68.73%
Manafea Al Andalus Company for Real Estate Development	Kingdom of Saudi Arabia	70%	70%

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the nine-month period ended 30 September 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

3 BASIS OF CONSOLIDATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Details of subsidiaries are as follows:

1. AlAhli REIT Fund 1

Al Ahli REIT Fund 1 was formed in accordance with Capital Market Authority dated 29 November 2017 (corresponding to 11 Rabia Alawl 1438H). The principal activities of the Fund are to make investments in investment properties. Currently, the Fund has made investments in the below properties:

<u>Name of property</u>	<u>Location</u>
Al-Andalus Mall	Jeddah
Al-Andalus Mall Hotel	Jeddah
Salama Tower	Jeddah
QBIC Plaza	Riyadh

2. Manafea Al-Andalus Company for Real Estate Development

Manafea Al Andalus Company for Real Estate Development was formed as a limited liability company and registered in the Kingdom of Saudi Arabia under Commercial Registration No 1010700657 dated 19 April 2017 (corresponding to 22 Rajab 1438H). The principal activities of Manafea includes; leasing, managing properties owned or leasing (residential and nonresidential), commission from properties management, developments activities and investment properties.

<u>Nature and name of property</u>	<u>Location</u>
ALMarwa Plaza	Jeddah

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

A number of amendments standards, and interpretations have been issued. The table below lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2021 and that are available for early adoption in annual periods beginning on 1 January 2021, however the Group has not early adopted any of these.

New currently effective requirements:

<u>Effective date</u>	<u>New standards or amendments</u>
1 June 2020	COVID-19-Related Rent Concessions– Amendment to IFRS 16
1 January 2021	Interest Rate Benchmark Reform Phase 2– Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the nine-month period ended 30 September 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

Forthcoming requirements:

<u>Effective date</u>	<u>New standards or amendments</u>
1 January 2022	Onerous Contracts: Cost of Fulfilling a Contract – Amendments to IAS 37
	Annual Improvements to IFRS Standards 2018 – 2020–Amendments to IFRS 1, IFRS 9, illustrative examples accompanying IFRS 16 and IAS 41
	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
	Reference to the Conceptual Framework– Amendments to IFRS 3
1 January 2023	Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1
	IFRS 17 Insurance Contracts
	Definition of Accounting Estimate– Amendments to IAS 8
	Disclosure of Accounting Policies– Amendments to IAS 1 and IFRS Practice Statement 2
Available for optional adoption/ Effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group’s accounting policies, management has made the following estimates and judgments, which are significant to the condensed consolidated interim financial statements:

- Fair value of the investment properties
- Impairment loss on receivable against operating leases
- Impairment of and useful lives of property and equipment and investment properties

6 PROPERTY AND EQUIPMENT

As of 30 September 2021, the cost of property and equipment amounted to SR 210.5 million (31 December 2020: SR 210.3 million) and the accumulated depreciation amounted to SR 59 million (31 December 2020: SR 54.5 million).

Included in the cost of properties is a Hotel owned by Al-Ahli Reit Fund 1 (the subsidiary) that has been pledged against Islamic financing facility obtained from Saudi National bank.

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the nine-month period ended 30 September 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

7 INVESTMENT PROPERTIES

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
<u>Cost:</u>		
Balance at beginning of the period / year	1,140,476,842	881,781,189
Additions	4,448,824	258,695,653
Balance at end of the period / year	<u>1,144,925,666</u>	<u>1,140,476,842</u>
<u>Accumulated depreciation and impairment:</u>		
Balance at beginning of the period / year	(150,090,938)	(124,839,706)
Depreciation charged during the period / year	(16,225,744)	(18,422,290)
Impairment losses	-	(6,828,942)
Balance at end of the period / year	<u>(166,316,682)</u>	<u>(150,090,938)</u>
Net book value	<u>978,608,984</u>	<u>990,385,904</u>

The Group has pledged Al-Andalus Mall against Islamic financing facility obtained from Saudi National Bank. Refer to (Note 11).

The lands and the buildings classified as investment properties, were assessed by external valuers to determine their fair value as at 31 December 2020. The fair values of the investment properties amounted to SR 1.8 billion as on that date. There have been no significant changes in the key assumptions used in determining the fair values of the investment properties. The valuation approaches used were comprised of discounted cash flows and replacement cost method. However, in accordance with Article 8 of the Real Estate Investment Traded Funds Instructions issued by CMA, the market values of investment properties related to Al Ahli Reit Fund 1 (the subsidiary) were determined on 30 June 2021 that amounted to SR 1.8 billion.

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8 INVESTMENTS IN ASSOCIATES

The details of investments in associates are as follow:

	Country of incorporation	Ownership percentage		30 September 2021 (Unaudited)	31 December 2020 (Audited)
		30 September 2021	31 December 2020		
Al-Aswaq Al-Mutatawerah Company	Saudi Arabia	50%	50%	104,613,180	104,877,215
Hayat Real Estate Company	Saudi Arabia	25%	25%	199,861,622	192,486,625
Serouh AL-Marakez Company *	Saudi Arabia	25%	25%	49,201,807	49,251,513
West Jeddah Hospital Company *	Saudi Arabia	50%	50%	65,840,579	66,676,150
Al-Jawhra Al-Kubra Company *	Saudi Arabia	25%	25%	67,945,702	68,191,462
Massat Property Company **	Saudi Arabia	25%	-	43,525,000	-
				530,987,890	481,482,965

* These associated companies have not commenced commercial operations yet.

** During the period the Group acquired 25% stake in the share capital of Massat Property Company, a company established on 27 January 2021 for the purpose of Real Estate Investment. The remaining ownership of Massat is owned by Burooj International Company, a related party of the Group.

The following is the movement of investment in associates:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of the period/year	481,482,965	464,834,820
Share in the income of associates for the period/year	22,229,925	26,148,145
Dividends received during the period/year	(16,250,000)	(15,750,000)
Additions in investments during the period/year	43,525,000	6,250,000
Balance at end of the period/year	530,987,890	481,482,965

The Group's share in the income of associates for the period is as follows:

	For the nine-months period Ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Al-Aswaq Al-Mutatawerah Company	6,235,965	6,093,029
Hayat Real Estate Company	17,124,999	11,876,314
Sorroh Centres Company	(49,706)	(6,348)
West Jeddah Hospital Company	(835,572)	73,515
Al-Jawhra Al-Kubra Company	(245,761)	(99,860)
	22,229,925	17,936,650

The associates' financial information as of and for the period ended 30 September 2021, is derived from management reports of the associates as of that date.

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9 CASH AND CASH EQUIVALENT

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Cash at banks	<u>207,042,414</u>	<u>182,483,190</u>

10 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment at fair value through profit or loss comprises of the following:

	30 September 2021 (Unaudited)		31 December 2020 (Audited)	
	Cost	Fair value	Cost	Fair value
<i>Investment in mutual fund managed by the Fund Manager</i>				
Al Ahli Saudi Riyal Trade Fund	<u>19,970,966</u>	<u>20,005,520</u>	<u>-</u>	<u>-</u>

11 ISLAMIC FINANCE FACILITIES

The Group has obtained an Islamic Financing Facility (the Facility) from Saudi National Bank (SNB), which is secured by certain requirements of the financial covenants. The Group transferred the title deed of Al-Andalus Mall and Hotel, in favor of Real Estate Development Company for Management and Ownership, a fully owned subsidiary of the SNB as a pledge against the Facility.

During the current period, the Group has utilized SR 42 million as the third tranche from the Facility. The tenor of the Facility is 15 years and carries 5 years grace period during which only profit payments are required to be made while the principal amount is payable over 10 years on a quarterly basis.

12 EARNINGS PER SHARE

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

	For the nine-months period ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Profit for the period (SR)	<u>57,553,238</u>	<u>8,891,711</u>
Weighted average number of outstanding ordinary shares*	<u>93,333,330</u>	<u>93,333,330</u>
Basic and diluted earnings per share (SR)	<u>0.62</u>	<u>0.10</u>

*The weighted average number of ordinary shares used as a denominator in calculating basic and diluted EPS for 30 September 2020 has been adjusted on account of the bonus share issue.

The diluted earnings per share is equal to the basic earnings per share for the period ended 30 September 2021 and 30 September 2020 as there were no instruments with a reduced earnings per share effect.

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13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group comprise of Shareholders having control or significant influence, key management personnel and affiliates where shareholders have control or significant influence. The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the ordinary course of business. The transactions and the balances between the company and its subsidiaries and those between the subsidiaries have been eliminated in preparing these condensed consolidated interim financial statements.

The details of transactions with other related parties are mentioned below:

<u>Name of related party</u>	<u>Relationship</u>	<u>Nature of Transaction</u>	30 September 2021 <u>(Unaudited)</u>	30 September 2020 <u>(Unaudited)</u>
Hayat Real Estate Company	Associate	Expenses paid on behalf of associate	<u>9,969,534</u>	<u>9,582,428</u>
Massat Property Company	Associate	Expenses paid on behalf of associate	<u>174,094</u>	<u>-</u>
Mohmmad AL-Rajhi Company	Other related party	Expenses paid on behalf of related party	<u>1,655,205</u>	<u>-</u>
Imtieaz Al-Arabia company	Related to the board member	Rent revenue	<u>1,574,500</u>	<u>1,301,500</u>
Global Health care Company	Related to the board member	Rent revenue	<u>515,000</u>	<u>2,126,766</u>
Pharmacies Beauty Fourth Company	Related to the board member	Rent revenue	<u>385,000</u>	<u>-</u>
Key management and others	Other related party	Salaries and other benefits	<u>4,526,463</u>	<u>-</u>
Al-Ahli Capital	Fund Manager of the Subsidiary	Operating Services	<u>14,242,290</u>	<u>23,458,881</u>

The details of balances with related parties are mentioned below:

	30 September 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Due from related parties		
Hayat Real Estate Company	<u>1,143,368</u>	1,668,972
Massat Property Company	<u>174,094</u>	-
Asalah Holding Company	<u>-</u>	13,177,613
	<u>1,317,462</u>	<u>14,846,585</u>
Due to related parties		
Mohmmad AL-Rajhi Company	<u>1,696,027</u>	40,821
Al-Ahli Capital	<u>14,242,290</u>	16,355,681
	<u>15,938,317</u>	<u>16,396,502</u>

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14 SEGMENT REPORTING

The Group's activities include a number of sectors as follows: -

- Retail and operation sector: This includes leasing rental units of investment properties such as Malls and Operational Services.
- Hospitality Sector: This includes hospitality services (Al-Andalus Mall Hotel).
- Office Sector: This includes leasing rentals from commercial units of investment properties (Salama Tower & QBIC plaza).

	Retail and operation Sector	Hospitality Sector	Office Sector	Other	Total
<u>For the nine months period ended 30 September 2021</u>					
<u>(Unaudited)</u>					
Revenue	116,409,014	7,665,582	34,269,862	-	158,344,458
Cost of revenue	(32,425,315)	(12,117,234)	(7,241,514)	-	(51,784,063)
Share in the income of associates	-	-	-	22,229,925	22,229,925
Expenses	(23,033,802)	-	(10,607,751)	(18,197,989)	(51,839,542)
Other income	-	-	-	1,268,622	1,268,622
Profit before Zakat	60,949,897	(4,451,652)	16,420,597	5,300,558	78,219,400
<u>As of 30 September 2021 (Unaudited)</u>					
Total assets	730,175,597	125,710,363	495,003,845	694,229,467	2,045,119,272
Total liabilities	252,492,443	-	515,793,775	29,212,667	797,498,885
<u>For the nine months period ended 30 September 2020</u>					
<u>(Unaudited)</u>					
Revenue	82,787,297	7,415,419	20,170,625	-	110,373,341
Cost of revenue	(31,212,832)	(15,154,510)	(5,432,318)	-	(51,799,660)
Share in the income of associates	-	-	-	17,936,650	17,936,650
Expenses	(8,411,050)	-	(9,134,445)	(25,500,414)	(43,045,909)
Impairment loss	(4,500,000)	(17,000,000)	-	-	(21,500,000)
Other income	-	-	-	571,633	571,633
Profit before Zakat	38,663,415	(24,739,091)	5,603,862	(6,992,131)	12,536,055
<u>As of 31 December 2020 – Audited</u>					
Total assets	728,683,890	131,285,122	501,643,450	618,708,670	1,980,321,132
Total liabilities	205,991,604	-	514,994,751	23,218,528	744,204,883

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15 DETERMINATION OF FAIR VALUES, CLASSIFICATION AND RISK MANAGEMENT

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 and at prevailing market conditions regardless if the price is directly identified or estimated using other valuation technique.

All assets and liabilities whether measured at fair value or their fair values are disclosed in the financial statements in accordance with the hierarchical levels of fair value measurements as stated below are classified into the lowest level of measuring input which is considered significant for measuring the fair value as a whole.

Level 1: Declared (unadjusted) and quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs that are directly or indirectly observable or tracked for an asset or a liability other than declared prices mentioned in level 1.

Level 3: Inputs that are unobservable or not tracked for an asset or a liability.

The Group is exposed to risks as a result of using financial instruments. The following explains the Group's objectives, policies and operations to manage these risks and methods used to measure them in addition to quantitative information related to these risks in the accompanying financial statements.

There were no significant changes that may expose the Group to financial instrument risks through its objectives, policies and operations to manage these risks and methods used that are different from what have been used in prior periods unless otherwise indicated.

Fair values of financial instruments

- The Group's management considers that the fair values of its financial instruments approximate to their carrying values because of the nature of the financial instruments.
- There were no transfers between level 1, 2 or 3 during the reporting period.

16 DIVIDENDS

The Shareholders, in their Ordinary General Assembly Meeting dated 01 Jun 2021, approved the distribution of SR 35,000,000 (per share of SR 0.50) as dividend for the period, that was paid on 7 June 2021.

17 SUBSEQUENT EVENTS

Subsequent to 30 September 2021, the Board of Directors Meeting dated 7 October 2021 resolved the distribution of SR 23,333,333 as dividend, (Dividend per share of SR 0.25), that was paid on 24 October 2021.

18 APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved for issuance by the Board of Directors on 29 Rabie ALAwal 1443H (corresponding to 4 November 2021).