

AL-ANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
Three-month period ended 31 March 2022
Together with the
INDEPENDENT REVIEW REPORT

AL-ANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار

صندوق بريد ٩٢٨٧٦

الرياض ١١٦٦٣

المملكة العربية السعودية

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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

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

Introduction

We have reviewed the accompanying 31 March 2022 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 31 March 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2022;
- 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.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥.٠٠٠.٠٠٠) ريال سعودي مغفوع بالكامل، المسماة سابقاً "الشركة كي بي إم جي التوازن وشركاه محاسبون ومراجعون كفوونون". وهي عضو غير شريك في شبكة للعالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة تجلزية محدودة بضمنان. جميع الحقوق محفوظة.



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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2022 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

Date: 26 Ramadan 1443H
Corresponding to: 27 April 2022



AL-ANDALUS PROPERTY COMPANY


(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)


As at 31 March 2022

(All amounts are Saudi Riyal 'SAR' until and otherwise stated)

		31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note		
ASSETS			
Non-current assets			
Investment properties	7	971,944,792	976,765,133
Property and equipment	6	148,589,956	149,938,402
Right-of-use assets		81,419,152	82,957,021
Investment in equity-accounted investees	8	528,608,395	521,004,741
		<u>1,730,562,295</u>	<u>1,730,665,297</u>
Current assets			
Receivable from operating leases		102,055,770	59,541,690
Prepayments and other assets		26,772,539	8,085,396
Due from related parties	12	3,875,163	1,344,835
Financial instruments at FVTPL	13	-	40,031,246
Cash and cash equivalents	9	181,693,212	200,761,240
		<u>314,396,684</u>	<u>309,764,407</u>
Total assets		<u>2,044,958,979</u>	<u>2,040,429,704</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY			
Share capital		933,333,330	933,333,330
Statutory reserve		90,305,707	90,305,707
Retained earnings		35,869,721	39,416,221
Equity attributable to Shareholders of the Company		<u>1,059,508,758</u>	<u>1,063,055,258</u>
Non-controlling interest		169,012,079	177,588,161
Total equity		<u>1,228,520,837</u>	<u>1,240,643,419</u>
Liability			
Non-current liabilities			
Employee benefits – Defined benefit obligations		9,821,207	9,460,196
Lease liability on right-of-use assets		111,232,990	114,294,193
Islamic Finance Facilities	10	558,984,808	558,727,653
		<u>680,039,005</u>	<u>682,482,042</u>
Current Liabilities			
Advances from lessees and deferred revenues		60,118,040	45,930,885
Lease liability on right-of-use of assets – current portion		12,605,000	15,700,000
Due To related parties	12	23,812,422	14,487,886
Zakat provision		10,011,274	8,389,959
Accrued expenses and other liabilities		29,852,401	32,795,513
		<u>136,399,137</u>	<u>117,304,243</u>
Total liabilities		<u>816,438,142</u>	<u>799,786,285</u>
Total equity and liabilities		<u>2,044,958,979</u>	<u>2,040,429,704</u>


Fawaz Abdulaziz bin Huwail
Executive Financial Officer

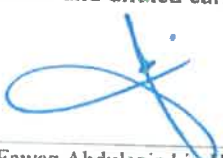

Hatha Bin Saad Alutaibi
Chief Executive Officer


Dr. Abdulrahman Mohammed Albarrak
Authorized board member

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

AL-ANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)**
For the three-month period ended 31 March 2022
(All amounts are Saudi Riyal 'SAR' until and otherwise stated)

	Note	For the three-month period ended 31 March	
		2022 (Unaudited)	2021 (Unaudited)
Revenues			
Cost of revenue	14	53,298,081	50,541,678
Gross profit	14	(16,609,296)	(16,927,955)
General and administrative expenses		36,688,785	33,613,723
Marketing expenses		(10,081,304)	(10,120,234)
Share of profit of equity-accounted investees		(71,593)	(73,055)
Other income	8	7,603,654	8,514,218
Operating income	14	413,802	856,083
		34,553,344	32,790,735
Interest expense on lease liabilities		(2,988,797)	(3,066,098)
Finance cost		(3,669,804)	(3,588,191)
Profit before Zakat		27,894,743	26,136,446
Zakat expense		(1,633,992)	(1,363,506)
Profit for the period		26,260,751	24,772,940
Attributable to:			
Shareholders of the Company		19,786,833	18,958,827
Non-controlling interest		6,473,918	5,814,113
		26,260,751	24,772,940
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss:			
Re-measurement of employees' end of service benefits obligations			
Total comprehensive income		26,260,751	24,772,940
Total other comprehensive income attributable to:			
Shareholders of the Company		19,786,833	18,958,827
Non-controlling interest		6,473,918	5,814,113
		26,260,751	24,772,940
Earnings per share:			
Basic and diluted earnings per share	11	0.21	0.20


Fawaz Abdulaziz bin Huwail
Executive Financial Officer


Hatha Bin Saad Alutaibi
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Authorized board member

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AL-ANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
For the three-month period ended 31 March 2022

(All amounts are Saudi Riyal 'SAR' until and otherwise stated)

For the three-month period ended 31 March 2022 (Unaudited)

Balance as at 1 January 2022 (audited)

Profit for the period

Other comprehensive income

Total comprehensive income for the period

Dividend distribution during the period (note 16)

Balance as at 31 March 2022 (Unaudited)

For the three-month period ended 31 March 2021 (Unaudited)

Balance as at 1 January 2021 (audited)

Profit for the period

Other comprehensive income

Total comprehensive income for the period

Dividends to NCI

Balance as at 31 March 2021 (Unaudited)

	Share capital	Statutory reserve	Retained earnings	Equity attributable to Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2022 (audited)	933,333,330	90,305,707	39,416,221	1,063,055,258	177,588,161	1,240,643,419
Profit for the period	-	-	19,786,833	19,786,833	6,473,918	26,260,751
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	19,786,833	19,786,833	6,473,918	26,260,751
Dividend distribution during the period (note 16)	-	-	(23,333,333)	(23,333,333)	(15,050,000)	(38,383,333)
Balance as at 31 March 2022 (Unaudited)	933,333,330	90,305,707	35,869,721	1,059,508,758	169,012,079	1,228,520,837
For the three-month period ended 31 March 2021 (Unaudited)						
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
Profit for the period	-	-	18,958,827	18,958,827	5,814,113	24,772,940
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	18,958,827	18,958,827	5,814,113	24,772,940
Dividends to NCI	-	-	-	-	(13,975,000)	(13,975,000)
Balance as at 31 March 2021 (Unaudited)	700,000,000	96,841,478	275,294,380	1,072,135,858	174,778,331	1,246,914,189


Fawaz Abdulaziz bin Aluwail
Executive Financial Officer


Hatha Bin Saad Alutaibi
Chief Executive Officer


Dr. Abdulrahman Mohammed Albarrak
Authorized board member


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AL-ANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month period ended 31 March 2022
(All amounts are Saudi Riyal 'SAR' until and otherwise stated)

	For the three month period ended 31 March	
	2022	2021
Operating activities:		
Profit before Zakat	27,894,743	26,136,446
Adjustments:		
Depreciation:		
- Investment properties	5,383,891	5,587,857
- Properties and equipment	1,398,945	1,549,168
- Right of use assets	1,537,870	1,537,870
Interest on lease liabilities	2,988,797	3,066,098
Share of profit of equity-accounted investees	(7,603,654)	(8,514,218)
Employee benefits – Defined benefit obligations	361,011	319,701
Gain from financial instruments – FVTPL	(26,378)	-
Finance cost	3,669,804	3,588,191
	35,605,029	33,271,113
Changes in:		
Receivable from operating leases	(42,514,080)	(36,381,753)
Prepayments and other assets	(18,687,143)	1,564,974
Related parties balances, net	6,794,208	14,678,643
Advances from lessees and deferred income	14,187,155	23,697,642
Accrued expenses and other liabilities	(2,575,001)	(3,927,754)
Dividend received from an equity accounted investee	-	9,750,000
Zakat paid	(7,189,832)	42,652,865
	(12,677)	-
Net cash (used in)/generated from operating activities	(7,202,509)	42,652,865
Investing activities		
Additions to property and equipment	(50,500)	(44,016)
Additions to investments properties	(563,550)	(1,310,766)
Disposal of financial investments at fair value through profit or loss 'FVTPL'	40,057,624	-
Net cash flows generated / (used in) investing activities	39,443,574	(1,354,782)
FINANCING ACTIVITIES		
Payment for Islamic Finance Facilities	(3,780,760)	(3,377,923)
Proceeds from Islamic Finance Facilities	-	42,278,032
Payment of lease liability on right-of-use assets	(9,145,000)	(4,534,309)
Dividends paid	(38,383,333)	(13,975,000)
Net cash (used in) / generated from financing activities	(51,309,093)	20,390,800
Net change in cash and cash equivalents during the period	(19,068,028)	61,688,883
Cash and cash equivalents at the beginning of the period	200,761,240	182,483,190
Cash and cash equivalents at closing of the period	181,693,212	244,172,073


Fawaz Abdulaziz Bin Huwail
Executive Financial Officer


Hatha Bin Saad Alutaibi
Chief Executive Officer


Dr. Abdulrahman Mohammed Albarrak
Authorized board member

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

AL-ANDALUS PROPERTY COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2022

(All amounts are Saudi Riyal 'SAR' until and otherwise stated)

1 REPORTING ENTITY

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.

The Company share capital is 933,333,330 Saudi Riyals divided into 93,333,333 shares with a nominal value of SR 10.

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") for the three-month period ended 31 March 2022 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 2021.

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 property and equipment, investment property, and intangible assets upon adopting the IFRS for three years period starting from the IFRS adoption date.

AL-ANDALUS PROPERTY COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the three-month period ended 31 March 2022**

(All amounts are Saudi Riyal 'SAR' until and 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:

- Obligor 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

The Covid-19 pandemic, which has spread across various geographies globally, has 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. 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. In addition, as at 31 March 2022, the management of the Group is monitoring the developments of the pandemic and the 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 condensed consolidated 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 in the future as and when they become due. The management did not find any indications of an impairment of the group's investment properties. Accordingly, there are no indications that there are any problems or doubts about the continuity of the Group's activities.

2.4 Functional and presentation currency

The functional and 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 31 March 2022:

<u>Subsidiary's name</u>	<u>Country of Incorporation</u>	<u>Shareholding</u>	
		<u>2022</u>	<u>2021</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%

AL-ANDALUS PROPERTY COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2022

(All amounts are Saudi Riyal 'SAR' until and otherwise stated)

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

The details of subsidiaries are as follows:

i. Al Ahli 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 which are located in Jeddah/ Riyadh:

<u>Name of property</u>	<u>Location</u>
Alandalus Mall	Jeddah
Al-Andalus Mall Hotel	Jeddah
Salama Toawer	Jeddah
Qbic Plaza	Riyadh

ii. 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>Name of property</u>	<u>Location</u>
Al Marwah Plaza	Jeddah

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2021 except for the adoption of any of the amendments to the standards and interpretations that have been issued. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but these do not have an impact on the condensed consolidated interim financial statements of the Group.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, 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.

AL-ANDALUS PROPERTY COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the three-month period ended 31 March 2022**

(All amounts are Saudi Riyal 'SAR' until and otherwise stated)

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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 property
- Impairment loss of receivable from operating leases
- Impairment losses/ useful lives of property, equipment and investment properties.

The above estimates of these interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group.

6 PROPERTY AND EQUIPMENT

As of 31 March 2022, the cost of property and equipment amounted to SR 210.7 million (31 December 2021: SR 210.4 million) and the accumulated depreciation amounted to SR 62.1 million (31 December 2021: SR 60,7 million).

Included in the cost of properties is Al-Andalus Mall Hotel that has been pledged against Islamic financing facility obtained from the Saudi National Bank (note 10).

7 INVESTMENT PROPERTIES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<u>Cost:</u>		
Balance at the beginning of the period/ year	1,146,590,982	1,140,476,842
Additions	563,550	6,114,140
Balance at end of the period / year	1,147,154,532	1,146,590,982
<u>Accumulated depreciation and impairment:</u>		
Balance at the beginning of the period/ year	(169,825,849)	(150,090,938)
Depreciation charge for the period/year	(5,383,891)	(21,683,695)
Reversal of impairment losses	-	1,948,784
Balance at end of the period / year	(175,209,740)	(169,825,849)
Net book value	971,944,792	976,765,133

The Group has pledged Al-Andalus Mall against Islamic financing facility obtained from Saudi National Bank (note 10).

The lands and the buildings classified as investment properties, were assessed by external valuers to determine their fair value as at 31 December 2021. The fair values of the investment properties amounted to SR 1.8 billion as on that date. The key assumptions used in determining the fair values of the investment properties was discount rate of 9% and the valuation approaches used were comprised of income approach (discounted cash flows) and sales comparable method. The evaluation was carried out by the external valuers accredited by the Saudi Authority for Accredited Values (TAQEEM). (ValuStart: TAQEEM record No. 1210001039), (Knight Frank:- TAQEEM No. (1220001311)).

The management believes that the fair values of investment properties as at 31 March 2022 do not materially differ from the fair values determined as at 31 December 2021.

AL-ANDALUS PROPERTY COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the three-month period ended 31 March 2022**

(All amounts are Saudi Riyal 'SAR' until and otherwise stated)

8 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

Following is the breakdown of the investments in the equity-accounted investees:

	<u>Country of Incorporation</u>	<u>Shareholding</u>		<u>31 March</u>	<u>31 December</u>
		<u>31 March</u>	<u>31 December</u>	<u>2022</u>	<u>2021</u>
		<u>2022</u>	<u>2021</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Al-Aswaq Al-Mutatawerah Company	Kingdom of Saudi Arabia	50%	50%	107,656,169	106,350,675
Hayat Real Estate Company	Kingdom of Saudi Arabia	25%	25%	194,898,910	187,981,136
Soroh Al-Marakez Company *	Kingdom of Saudi Arabia	25%	25%	49,029,413	49,182,906
West Jeddah Hospital Company *	Kingdom of Saudi Arabia	50%	50%	65,692,937	66,059,333
Al-Jawhra Al-Kubra Company *	Kingdom of Saudi Arabia	25%	25%	67,833,743	67,924,864
Massat Property Company *	Kingdom of Saudi Arabia	25%	25%	43,497,223	43,505,827
				<u>528,608,395</u>	<u>521,004,741</u>

The movement in investments in equity-accounted investees is as follows:

	<u>31 March</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Opening balance	521,004,741	481,482,965
Share in the income of associates for the period/year	7,603,654	27,246,776
Dividends received during the period/year	-	(31,250,000)
Additions in investments during the period/year	-	43,525,000
Balance at the end of the period/year	<u>528,608,395</u>	<u>521,004,741</u>

* These associated companies have not commenced commercial operations yet.

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

	<u>Three-month period ended</u>	
	<u>31 March</u>	<u>31 March</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Al-Aswaq Al-Mutatawerah Company	1,305,494	3,395,295
Hayat Real Estate Company	6,917,773	5,611,867
Soroh Al-Marakez Company	(153,494)	(36,875)
West Jeddah Hospital Company	(366,396)	(281,729)
Al-Jawhra Al-Kubra Company	(91,121)	(174,340)
Massat Property Company	(8,602)	-
	<u>7,603,654</u>	<u>8,514,218</u>

The associates' financial information as of and for the period ended 31 March 2022, is derived from management reports of the associates.

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9 CASH AND CASH EQUIVALENTS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Cash at banks	181,693,212	200,761,240

10 ISLAMIC FINANCE FACILITIES

the Group obtained during the previous years an Islamic financing facility from Saudi National Bank, which includes certain conditions for financial covenants in favor of the bank. 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 Islamic financing 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.

11 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.

	Three-month period ended 31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Profit for the period (SR)	19,786,833	18,958,827
Weighted average number of outstanding ordinary shares (number of shares)*	93,333,333	93,333,333
Basic and diluted earnings per share (SR)	0.21	0.20

*The weighted average number of ordinary shares used as a denominator in calculating basic and diluted EPS for 31 March 2021 has been adjusted on account of the bonus share issue as the Company's share capital has been increased during the second half of the previous year.

The diluted earnings per share is equal to the basic earnings per share for the period ended 31 March 2022 and 31 March 2021 as there are no instruments with lower impact on earnings per share.

12 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.

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12 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

<u>Related party name</u>	<u>Relationships</u>	<u>Nature of transaction</u>	31 March 2022 <u>(Unaudited)</u>	31 March 2021 <u>(Unaudited)</u>
Hayat Real Estate Company	Associate	Expenses paid on behalf	<u>122,567</u>	<u>1,780,284</u>
Imtiaz Al Arabia Company	A company related to a member of the board of directors	Rent revenue	<u>1,871,500</u>	<u>1,574,500</u>
Global Health care Company	A company related to a member of the board of directors	Rent revenue	<u>515,000</u>	<u>515,000</u>
Pharmacies Beauty Fourth Company	A company related to a member of the board of directors	Rent revenue	<u>385,000</u>	<u>385,000</u>
Key management and others	Other related party	Salaries and other benefits	<u>556,548</u>	<u>1,508,821</u>
Al-Ahli Capital	Fund manager of a subsidiary	Operating Services	<u>4,684,708</u>	<u>4,761,537</u>

The details of balances with related parties are mentioned below:

	31 March 2022 <u>(Unaudited)</u>	31 December 2021 <u>(audited)</u>
Due from related parties		
Hayat Real Estate Company	<u>3,701,069</u>	1,170,741
Massat Property Company	<u>174,094</u>	174,094
	<u>3,875,163</u>	<u>1,344,835</u>
Due to related parties		
Mohammad Alrajhi Company	<u>40,821</u>	40,821
Al-Ahli Capital	<u>23,771,601</u>	14,447,065
	<u>23,812,422</u>	<u>14,487,886</u>

13 FINANCIAL INSTRUMENTS- FVTPL

These investments represent investments in mutual funds as follows:

Investment in Mutual Funds	31 March 2022		31 December 2021	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Al Ahli Saudi Riyal Trade Fund	<u>-</u>	<u>-</u>	<u>40,000,000</u>	<u>40,031,246</u>

During the period, the investments in Al Ahli Saudi Riyal Trade Fund were sold, and the sale resulted in profits of SR 26,378.

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14 SEGMENT REPORTING

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

- Retail and operation Sector: This includes rent for commercial units from investment properties such as malls and the operation of the malls.
- Hospitality Sector: This includes hospitality service entities (Al-Andalus Mall Hotel).
- Offices Sector: This includes rent for commercial units from investment properties (Salama Tower and QBIC Plaza).

For the three-month period ended 31 March 2022 (Unaudited)

	<u>Retail and operation sector</u>	<u>Hospitality sector</u>	<u>Office sector</u>	<u>Others</u>	<u>Total</u>
Revenues	38,346,468	3,652,667	11,298,946	-	53,298,081
Cost of revenue	(9,837,957)	(4,482,382)	(2,288,957)	-	(16,609,296)
Share of profit of equity-accounted investees	-	-	-	7,603,654	7,603,654
Expenses	(4,060,390)	-	(3,669,804)	(9,081,304)	(16,811,498)
Other income	-	-	-	413,802	413,802
Profit before Zakat	24,448,121	(829,715)	5,340,185	(1,063,848)	27,894,743

As of 31 March 2022 - Unaudited

Total assets	685,988,716	127,979,267	493,375,269	737,615,727	2,044,958,979
Total liabilities	283,871,161	-	512,734,500	19,832,481	816,438,142

For the three-month period ended 31 March 2021 (Unaudited)

	<u>Retail and operation sector</u>	<u>Hospitality Sector</u>	<u>Office Sector</u>	<u>Others</u>	<u>Total</u>
Revenues	37,328,477	1,914,255	11,298,946	-	50,541,678
Cost of revenue	(10,795,358)	(3,678,132)	(2,454,465)	-	(16,927,955)
Share of profit of equity-accounted investees	-	-	-	8,514,218	8,514,218
Expenses	(4,066,098)	-	(3,588,191)	(9,193,289)	(16,847,578)
Other income	-	-	-	856,083	856,083
Net income before Zakat	22,467,021	(1,763,877)	5,256,290	177,012	26,136,446

As at 31 December 2021 - audited

Total assets	660,675,327	129,228,595	506,728,154	743,797,628	2,040,429,704
Total liabilities	269,437,145	-	512,498,983	17,850,157	799,786,285

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15 DETERMINATION OF FAIR VALUE, 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 value 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.

The valuation techniques used to determine the fair value of investment properties are classified as Level 3 fair value.

16 DIVIDEND

On 10 March 2022, the Board of Directors have resolved to distribute dividends of SR 23,333,333 million and the dividends have been paid on 23 March 2022.

17 SUBSEQUENT EVENTS

There has been no significant events since the period end that require disclosure or adjustment in these condensed consolidated interim financial statements of the Group.

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 26 Ramadan 1443H (corresponding to 27 April 2022).