
ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended
31 March 2023
Together with the
INDEPENDENT AUDITOR'S REVIEW REPORT

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2023

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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 (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 31 March 2023 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 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2023; 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 31 March 2023 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: 28 Shawwal 1444H
Corresponding to: 18 May 2023

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
As at 31 March 2023
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	<i>Note</i>	31 March 2023 (unaudited)	31 December 2022 (audited)
<u>ASSETS</u>			
Non-current assets			
Properties and Equipment	6	143,757,409	144,946,865
Investment properties	7	1,015,586,029	1,003,438,823
Right-of-use assets		75,267,676	76,805,545
Equity accounted investees	8	512,873,332	515,034,291
Total Non-Current Assets		1,747,484,446	1,740,225,524
Current assets			
Receivables from operating leases		83,065,168	81,212,620
Prepayments and other debit balances		13,582,554	10,816,710
Due from related parties	11	5,122,240	2,509,519
Financial instruments at FVTPL	12	82,050,416	81,104,181
Term deposits	13	50,603,473	-
Cash and cash equivalents		61,930,723	139,138,373
Total Current Assets		296,354,574	314,781,403
Total assets		2,043,839,020	2,055,006,927
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		933,333,330	933,333,330
Statutory reserve		96,983,092	96,983,092
Retained earnings		43,070,793	52,139,994
Equity attributable to the Company's shareholders		1,073,387,215	1,082,456,416
Non-controlling interests		158,656,353	168,008,031
Total equity		1,232,043,568	1,250,464,447
<u>LIABILITIES</u>			
Non-current liabilities			
Employees' benefits - defined benefit obligation		9,313,578	8,967,778
Lease liability on right-of-use assets		106,748,420	103,843,881
Islamic Finance Facilities	9	589,358,302	589,203,001
Total Non-Current Liabilities		705,420,300	702,014,660
Current liabilities			
Advances from lessees and deferred revenue		41,864,830	45,780,107
Lease liability on right-of-use assets - current portion		13,097,750	16,192,750
Due to related parties	11	10,936,763	5,179,398
Zakat provision		10,612,986	8,784,088
Accruals and other credit balances		29,862,823	26,591,477
Total Current Liabilities		106,375,152	102,527,820
Total liabilities		811,795,452	804,542,480
Total equity and liabilities		2,043,839,020	2,055,006,927

Fawaz Abdulaziz Bin Huwail

Chief Financial Officer

Eng. Faisal Abdulrehman
Almugser

Chief Executive Officer

Dr. Abdulrahman M. 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-months period ended 31 March 2023
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	<i>Note</i>	For the three-month period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
Revenue	14	54,466,888	53,298,081
Cost of revenue	14	(19,063,774)	(16,609,296)
Gross profit		35,403,114	36,688,785
General and administrative expenses		(12,127,364)	(10,081,304)
Marketing expenses		(1,550,779)	(71,593)
Share of profit from equity accounted investees	8	7,089,041	7,603,654
Other income	14	1,972,471	413,802
Operating profit		30,786,483	34,553,344
Interest expenses on lease liabilities		(2,904,539)	(2,988,797)
Finance cost		(8,241,717)	(3,669,804)
Profit before Zakat		19,640,227	27,894,743
Zakat		(1,828,898)	(1,633,992)
Profit for the period		17,811,329	26,260,751
Attributable to:			
Shareholders of the Company		14,264,132	19,786,833
Non-controlling interests		3,547,197	6,473,918
		17,811,329	26,260,751
Other comprehensive income			
Items that will not be subsequently reclassified to statement of profit or loss:		-	-
Total comprehensive income		17,811,329	26,260,751
Total comprehensive income attributable to:			
Shareholders of the company		14,264,132	19,786,833
Non-controlling interests		3,547,197	6,473,918
		17,811,329	26,260,751
Earnings per share			
Basic and diluted earnings per share	10	0.15	0.21



Fawaz Abdulaziz Bin Huwail
Chief Financial Officer



Eng. Faisal Abdulrehman
Alnasser
Chief Executive Officer

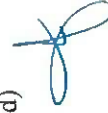


Dr. Abdulrahman M. Albarrak
Authorized board member

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ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the three-months period ended 31 March 2023
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Equity attributable to Shareholders of the Company	Non-controlling interests	Total equity
For the three-month period ended 31 March 2023 (Unaudited)						
Balance as at 1 January 2023(Audited)	933,333,330	96,983,092	52,139,994	1,082,456,416	168,008,031	1,250,464,447
Profit for the period	-	-	14,264,132	14,264,132	3,547,197	17,811,329
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	14,264,132	14,264,132	3,547,197	17,811,329
Dividend during the period (Note 16)	-	-	(23,333,333)	(23,333,333)	(12,898,875)	(36,232,208)
Balance as at 31 March 2023 (Unaudited)	933,333,330	96,983,092	43,070,793	1,073,387,215	158,656,353	1,232,043,568
For the three-month period ended 31 March 2022 (Unaudited)						
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 (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



Fawaz Abdulaziz Bin Huwail
Chief Financial Officer



Eng. Faisal Abdulrehman
Alnasser
Chief Executive Officer



Dr. Abdulrahman M. Albarrak
Authorized board member

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ALANDALUS PROPERTY COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-months period ended 31 March 2023

(All amounts are expressed in Saudi Riyal unless otherwise stated)

	For the three-month period ended 31 March	
	<u>2023</u>	<u>2022</u>
Operating activities:		
Profit before Zakat	19,640,227	27,894,743
Adjustments:		
Depreciation:		
- Investment properties	5,409,146	5,383,891
- Properties and equipment	1,313,101	1,398,945
- Right-of-use assets	1,537,869	1,537,870
Interest on lease liabilities	2,904,539	2,988,797
Share of profit from equity accounted investees	(7,089,041)	(7,603,654)
Employees' benefits - defined benefit obligation	345,800	361,011
Profits from Financial Investment FVTPL	(946,235)	(26,378)
Profits from term deposits	(603,473)	-
Finance cost	8,241,717	3,669,804
	<u>30,753,650</u>	<u>35,605,029</u>
Changes in:		
Receivables from operating leases	(1,852,548)	(42,514,080)
Prepayments and other debit balances	(2,765,844)	(18,687,143)
Related parties' balances, net	3,144,644	6,794,208
Advances from lessees and deferred revenue	(3,915,277)	14,187,155
Accruals and other credit balances	(3,726,448)	(2,575,001)
Dividend received from equity-accounted investees	9,250,000	-
	<u>134,527</u>	<u>(7,189,832)</u>
Zakat paid	-	(12,677)
Net cash flows generated from/(used in) operating activities	<u>30,888,177</u>	<u>(7,202,509)</u>
Investing activities		
Additions to properties and equipment	(123,645)	(50,500)
Additions to investment properties	(17,556,352)	(563,550)
Disposal of financial investments at fair value through profit or loss	-	40,057,624
Added term deposits	(50,000,000)	-
Net cash flows (used in)/generated from investing activities	<u>(67,679,997)</u>	<u>39,443,574</u>
Financing activities		
Payment for Islamic Finance Facilities	(1,088,622)	(3,780,760)
Payment of lease liability on right-of-use assets	(3,095,000)	(9,145,000)
Dividends paid	(36,232,208)	(38,383,333)
Net cash flows used in financing activities	<u>(40,415,830)</u>	<u>(51,309,093)</u>
Net change in cash and cash equivalents during the period	(77,207,650)	(19,068,028)
Cash and cash equivalents at the beginning of the period	139,138,373	200,761,240
Cash and cash equivalents at end of the period	<u>61,930,723</u>	<u>181,693,212</u>

Fawaz Abdulaziz Bin Huwail

Chief Financial Officer

Eng. Faisal Abdulrehman

Alnasser
Chief Executive Officer

Dr. Abdulrahman M. 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

For the three-months period ended 31 March 2023

(All amounts are expressed in Saudi Riyal 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.

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-months period ended 31 March 2023 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 2022 (financial statements for last year).

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:

- Defined benefit obligation - employees’ benefits which are measured at present value using the projected unit credit method.
- Financial instruments FVTPL.

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

For the three-months period ended 31 March 2023

(All amounts are expressed in Saudi Riyal 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.
- The Company did not choose the policy of using the fair value model for investment properties and continued to use the cost model.

2.3 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 2023:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	
		<u>2023</u>	<u>2022</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%

The details of subsidiaries are as follows:

1) 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>
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

ALANDALUS PROPERTY COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-months period ended 31 March 2023

(All amounts are expressed in Saudi Riyal unless otherwise stated)

4 AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended 31 December 2022

A number of amendments and interpretations apply for the first time in 2023, which have been referred to them in details in the annual financial statements 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 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 disclosures of the investment property
- Impairment loss of receivable from operating leases
- Useful lives of property, equipment and investment properties.

There are no differences between the above estimates and the estimates used in the annual financial statements of the Group.

6 PROPERTY AND EQUIPMENT

As of 31 March 2023, the cost of property and equipment amounted to SR 211.2 million (31 December 2022: SR 211.1 million) and the accumulated depreciation amounted to SR 67.5 million (31 December 2022: SR 66.2 million).

The cost of properties includes Al-Andalus Mall Hotel that has been pledged against Islamic financing facility obtained from the Saudi National Bank (note 9).

ALANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-months period ended 31 March 2023
(All amounts are expressed in Saudi Riyal unless otherwise stated)

7 INVESTMENT PROPERTIES

	31 March 2023 (unaudited)	31 December 2022 (audited)
Cost:		
Balance at beginning of the period / year	1,192,875,861	1,146,590,982
Additions*	17,556,352	46,284,879
Balance at end of the period / year	1,210,432,213	1,192,875,861
Accumulated depreciation and impairment:		
Balance at beginning of the period / year	(189,437,038)	(169,825,849)
Depreciation charged for the period / year	(5,409,146)	(21,451,632)
Reversal impairment losses	-	1,840,443
Balance at end of the period / year	(194,846,184)	(189,437,038)
Net book value	1,015,586,029	1,003,438,823

The Group has pledged Al-Andalus Mall against Islamic financing facility obtained from National Commercial bank.(Note 9)

The management believes that the fair values of investment properties as at 31 March 2023 do not materially differ from the fair values determined as at 31 December 2022.

* Additions to investment properties during the period are mainly represented in expansion works for Al Andalus Mall.

8 EQUITY ACCOUNTED INVESTEEES

The detail of investments in associated companies is as follow:

	<u>Country of incorporation</u>	<u>Ownership percentage</u>		31 March 2023 (unaudited)	31 December 2022 (audited)
		31 March 2023	31 December 2022		
Al-Aswaq Al-Mutatawerah Company	Saudi Arabia	50%	50%	103,093,565	103,793,609
Hayat Real Estate Company	Saudi Arabia	25%	25%	188,935,270	189,376,397
Soroh Centres Company *	Saudi Arabia	25%	25%	49,031,250	49,031,250
West Jeddah Hospital Company *	Saudi Arabia	50%	50%	62,994,893	63,608,463
Al-Jawhra Al-Kubra Company *	Saudi Arabia	25%	25%	65,369,311	65,761,465
Massat Property Company *	Saudi Arabia	25%	25%	43,449,043	43,463,107
				512,873,332	515,034,291

*These equity-accounted investees have not yet commenced commercial operations.

ALANDALUS PROPERTY COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the three-months period ended 31 March 2023**

(All amounts are expressed in Saudi Riyal unless otherwise stated)

8 EQUITY ACCOUNTED INVESTEEES (continued)

The following is the movement in the equity accounted investees:

	31 March 2023 (unaudited)	31 December 2022 (audited)
Opening balance	515,034,291	521,004,741
Share in profit for the period/year	7,089,041	25,803,098
Dividends received during the period/ year	<u>(9,250,000)</u>	<u>(31,773,548)</u>
Balance at end of period/year	<u>512,873,332</u>	<u>515,034,291</u>

The Group's share in the profits from equity accounted investees for the period is as follows:

	For the three-months period Ended	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Al-Aswaq Al-Mutatawerah Company	2,299,956	1,305,494
Hayat Real Estate Company	5,808,873	6,917,773
Sorroh Centres Company	-	(153,494)
West Jeddah Hospital Company	(613,570)	(366,396)
Al-Jawhra Al-Kubra Company	(392,154)	(91,121)
Masat Property Company	<u>(14,064)</u>	<u>(8,602)</u>
	<u>7,089,041</u>	<u>7,603,654</u>

9 ISLAMIC FINANCING 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 facility term is 15 years and a grace period of up to 5 years is granted during which only dividend payments are to be made. The principal amount shall be repaid over 10 years on a quarterly basis.

10 BASIC AND DILUTED 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 three-months period ended	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Profit for the period (SR)	<u>14,264,132</u>	<u>19,786,833</u>
Weighted average number of outstanding ordinary shares (Number of shares)	<u>93,333,333</u>	<u>93,333,333</u>
Basic and diluted earnings per share (SAR)	<u>0.15</u>	<u>0.21</u>

The diluted earnings per share is equal to the basic earnings per share for the period ended 31 March 2023 and 31 March 2022 as there are no instruments with a reduced earnings per share effect.

ALANDALUS PROPERTY COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the three-months period ended 31 March 2023**

(All amounts are expressed in Saudi Riyal unless otherwise stated)

11 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>	<u>31 March 2023 (Unaudited)</u>	<u>31 March 2022 (Unaudited)</u>
Hayat Real Estate Company	Equity-accounted investee	Expenses paid on behalf and operational revenue	<u>2,108,521</u>	<u>1,098,100</u>
Imtieaz Al-Arabia Company	A company related to a member of the board of directors	Rent revenue	<u>1,499,200</u>	<u>1,871,500</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>1,145,314</u>	<u>556,548</u>
Al-Ahli Capital	Fund manager of subsidiary	Operating Services	<u>5,757,365</u>	<u>4,684,708</u>

The details of balances with related parties are mentioned below:

	<u>31 March 2023 (Unaudited)</u>	<u>31 December 2022 (Audited)</u>
Due from related parties		
Hayat Real Estate Company	<u>4,948,146</u>	<u>2,335,425</u>
Massat Property Company	<u>174,094</u>	<u>174,094</u>
	<u>5,122,240</u>	<u>2,509,519</u>
Due to related parties		
Al-Ahli Capital	<u>10,936,763</u>	<u>5,179,398</u>
	<u>10,936,763</u>	<u>5,179,398</u>

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12 FINANCIAL INSTRUMENTS - FAIR VALUE THROUGH PROFIT OR LOSS

These investments represent investments in mutual funds as follows:

	31 March 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
Yaqeen SAR Murabha Fund*	80,000,000	82,050,416	80,000,000	81,104,181

*Profits of SAR 946 thousand were realized during the period from investing in Yaqeen SAR Murabaha Fund.

13 TERM DEPOSITS

	31 March	31 December
	2023	2022
	(Unaudited)	(Audited)
Term deposits**	50,603,473	-
	50,603,473	-

** During the period, the Group invested in Murabaha deposits of the Al Rajhi Bank of SR 50 million. A profit was realized during the period from this investment in the amount of SR 603 thousand, with a maturity date of 12 July 2023, at an interest rate of 5.5%.

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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 services (Al-Andalus Mall Hotel).
- Office Sector: This includes leasing rentals from commercial units of investment properties (Salama Tower & QBIC plaza).

For the three months period ended 31 March 2023 (Unaudited)

	Retail and operation sector	Hospitality sector	Office sector	Other	Total
Revenue	39,303,230	3,864,713	11,298,945	-	54,466,888
Cost of revenue	(11,877,798)	(4,714,248)	(2,471,728)	-	(19,063,774)
Share of profit of equity-accounted investees	-	-	-	7,089,041	7,089,041
Expenses	(9,527,683)	-	(8,241,716)	(7,055,000)	(24,824,399)
Other income	-	-	-	1,972,471	1,972,471
Profit before Zakat	17,897,749	(849,535)	585,501	2,006,512	19,640,227

As of 31 March 2023 – (Unaudited)

Total assets	629,430,889	123,185,891	484,522,463	806,699,777	2,043,839,020
Total liabilities	295,873,180	-	513,264,081	2,658,191	811,795,452

For the three months period ended 31 March 2022 (Unaudited)

	Retail Sector	Hospitality Sector	Office Sector	Other	Total
Revenue	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 December 2022 - Audited

Total assets	639,223,663	124,346,290	486,735,663	804,701,311	2,055,006,927
Total liabilities	212,783,808	-	589,203,001	2,555,671	804,542,480

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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.

The table below presents the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<u>Book Value</u>	<u>Fair Value</u>		
	<u>Classified</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>Fair Value</u>			
31 March 2023				
Financial Instrument FVTPL	82,050,416	-	82,050,416	-
31 December 2022				
Financial Instrument				
FVTPL	81,104,181	-	81,104,181	-

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.

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

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16 DIVIDENDS

On March 9, 2023, the Board of Directors decided, based on the authorization of the sixteenth General Assembly held on May 15, 2022, to distribute interim profits of the amount of SR 23,333,333, and these distributions were made on March 23, 2023. (31 March 2022: SR 23,333,333).

17 SUBSEQUENT EVENTS

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

18 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved for issuance by the Board of Directors on 28 Shawwal 1444H (corresponding to 18 May 2023).