

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

**Al-Andalus Property Company**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Financial Statements (Unaudited)**  
**Together with the Independent Auditor's Review Report**  
**For the three-month and six-month periods ended 30 June 2023**

	<u>Page</u>
<u>Independent auditor's report on review of condensed consolidated interim financial statements</u>	1-2
Condensed consolidated interim statement of financial position (Unaudited)	1
Condensed consolidated interim statement of profit or loss and other comprehensive income (Unaudited)	2
Condensed Consolidated Statement of Changes in Equity (Unaudited)	3
Condensed consolidated interim statement of cash flows (Unaudited)	4
Notes to the interim condensed consolidated financial statements (Unaudited)	5 – 15



## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## 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 30 June 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 30 June 2023,
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2023,
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 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 statements 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 the International Standards on Auditing as 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 (Saudi Joint stock Company)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 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



Riyadh, 23 Muhurram 1445H  
Corresponding to: 10 August 2023

**Al-Andalus Property Company**  
(A Saudi Joint Stock Company)  
**Condensed Consolidated Statement of Financial Position (Unaudited)**  
**As at 30 June 2023**

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

	<i>Note</i>	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	6	<b>1,022,911,845</b>	1,003,438,823
Property and equipment	7	<b>142,444,770</b>	144,946,865
Right-of-use assets		<b>73,729,807</b>	76,805,545
Equity accounted investees	8	<b>516,009,399</b>	515,034,291
<b>Total Non-current assets</b>		<b>1,755,095,821</b>	1,740,225,524
<b>Current assets</b>			
Receivable from operating leases		<b>101,936,028</b>	81,212,620
Prepayments and other debit balances		<b>14,636,673</b>	10,816,710
Due from related parties	13	<b>2,095,961</b>	2,509,519
Financial instruments at FVTPL	9	<b>50,278,620</b>	81,104,181
Cash and cash equivalents	10	<b>207,108,117</b>	139,138,373
<b>Total current assets</b>		<b>376,055,399</b>	314,781,403
<b>Total assets</b>		<b>2,131,151,220</b>	2,055,006,927
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Share capital		<b>933,333,330</b>	933,333,330
Statutory reserve		<b>96,983,092</b>	96,983,092
Retained earnings		<b>54,716,683</b>	52,139,994
<b>Equity attributable to the Shareholders of the Company</b>		<b>1,085,033,105</b>	1,082,456,416
Non-controlling interests		<b>162,026,776</b>	168,008,031
<b>Total equity</b>		<b>1,247,059,881</b>	1,250,464,447
<b><u>Liabilities</u></b>			
<b>Non-current liabilities</b>			
Employees' benefits – defined benefit obligations		<b>9,723,098</b>	8,967,778
Lease liability on right-of-use assets		<b>109,652,959</b>	103,843,881
Islamic finance facilities	11	<b>648,031,545</b>	589,203,001
<b>Total Non-current liabilities</b>		<b>767,407,602</b>	702,014,660
<b>Current liabilities</b>			
Advances from lessees and deferred revenue		<b>53,245,806</b>	45,780,107
Lease liability on right-of-use assets - current portion		<b>9,467,749</b>	16,192,750
Due to related parties	13	<b>20,487,207</b>	5,179,398
Zakat provision		<b>4,002,043</b>	8,784,088
Accruals and other credit balances		<b>29,480,932</b>	26,591,477
<b>Total current liabilities</b>		<b>116,683,737</b>	102,527,820
<b>Total liabilities</b>		<b>884,091,339</b>	804,542,480
<b>Total equity and liabilities</b>		<b>2,131,151,220</b>	2,055,006,927

Fawaz Abdulaziz bin  
Huwait  
*Chief Financial Officer*

Eng. Faisal Abdulrehman  
Alnasser  
*Chief Executive Officer*

Dr. Abdulrahman Mohammed  
Albarrak  
*Authorized board member*

The notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

## Al-Andalus Property Company

(A Saudi Joint Stock Company)

### Condensed consolidated interim statement of profit or loss and other comprehensive income For the three month and six month periods ended 30 June 2022 (Unaudited)

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

	Note	For the three months period ended 30 June		For the six-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue	14	53,945,320	54,093,312	108,412,209	107,391,392
Cost of revenue	14	(18,177,455)	(16,597,836)	(37,241,229)	(33,207,132)
<b>Gross profit</b>		<b>35,767,865</b>	37,495,476	<b>71,170,980</b>	74,184,260
General and administrative expenses		(13,646,343)	(12,560,754)	(25,773,708)	(22,642,058)
Marketing expenses		(542,478)	(1,004,320)	(2,093,257)	(1,075,913)
Share of profit from equity accounted investees	8	5,136,067	5,239,296	12,225,108	12,842,951
Other income		2,131,020	187,321	4,103,490	601,123
<b>Operating income</b>		<b>28,846,131</b>	29,357,019	<b>59,632,613</b>	63,910,363
Interest expense on lease liability		(2,904,539)	(2,988,797)	(5,809,077)	(5,977,594)
Finance cost	11	(9,826,564)	(3,849,999)	(18,068,281)	(7,519,803)
<b>Profit before Zakat</b>		<b>16,115,028</b>	22,518,223	<b>35,755,255</b>	50,412,966
Zakat expense		(1,098,715)	(1,860,610)	(2,927,613)	(3,494,602)
<b>Profit for the period</b>		<b>15,016,313</b>	20,657,613	<b>32,827,642</b>	46,918,364
<b>Attributable to:</b>					
Shareholders of the Company		11,645,890	15,465,581	25,910,022	35,252,414
Non-controlling interests		3,370,423	5,192,032	6,917,620	11,665,950
		<b>15,016,313</b>	20,657,613	<b>32,827,642</b>	46,918,364
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to statement of profit or loss:</b>					
		-	-	-	-
<b>Total comprehensive income</b>		<b>15,016,313</b>	20,657,613	<b>32,827,642</b>	46,918,364
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		11,645,890	15,465,581	25,910,022	35,252,414
Non-controlling interests		3,370,423	5,192,032	6,917,620	11,665,950
		<b>15,016,313</b>	20,657,613	<b>32,827,642</b>	46,918,364
<b>Earnings per share</b>					
Basic and diluted earnings per share	12	<b>0.12</b>	0.17	<b>0.28</b>	0.38



Fawaz Abdulaziz bin Huwail  
Chief Financial Officer



Eng. Faisal Abdulrehman  
Alnasser  
Chief Executive Officer



Dr. Abdulrahman Mohammed  
Albarrak  
Authorized board member

The notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

**Al-Andalus Property Company**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**For the six-month period ended 30 June 2023**  
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Equity attributable to the Company's Shareholders	Non-controlling interests	Total
<b>Balance as at 1 January 2023 (audited)</b>	<b>933,333,330</b>	<b>96,983,092</b>	<b>52,139,994</b>	<b>1,082,456,416</b>	<b>168,008,031</b>	<b>1,250,464,447</b>
Profit for the period	-	-	<b>25,910,022</b>	<b>25,910,022</b>	<b>6,917,620</b>	<b>32,827,642</b>
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>25,910,022</b>	<b>25,910,022</b>	<b>6,917,620</b>	<b>32,827,642</b>
Dividends during the period (Note 16)	-	-	<b>(23,333,333)</b>	<b>(23,333,333)</b>	<b>(12,898,875)</b>	<b>(36,232,208)</b>
<b>Balance as at 30 June 2023 (unaudited)</b>	<b>933,333,330</b>	<b>96,983,092</b>	<b>54,716,683</b>	<b>1,085,033,105</b>	<b>162,026,776</b>	<b>1,247,059,881</b>
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	-	-	35,252,414	35,252,414	11,665,950	46,918,364
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	35,252,414	35,252,414	11,665,950	46,918,364
Dividends during the period (Note 16)	-	-	<b>(23,333,333)</b>	<b>(23,333,333)</b>	<b>(15,050,000)</b>	<b>(38,383,333)</b>
Balance as at 30 June 2022 – unaudited	933,333,330	90,305,707	51,335,302	1,074,974,339	174,204,111	1,249,178,450



Fawaz Abdulaziz bin Huwail  
*Chief Financial Officer*



Eng. Faisal Abdulrehman Alnasser  
*Chief Executive Officer*



Dr. Abdulrahman Mohammed Albarrak  
*Authorized board member*

The notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

**Al-Andalus Property Company**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**For the six-month period ended 30 June 2023**  
(All amounts are expressed in Saudi Riyal unless otherwise stated)

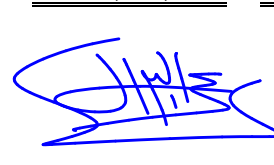
	<b>For the six-month period ended</b>	
	<b>30 June</b>	
	<u>2023</u>	<u>2022</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b><u>Operating activities</u></b>		
Profit before Zakat	35,755,255	50,412,966
<b>Adjustments:</b>		
Depreciation:		
- Investment properties	10,266,248	11,444,785
- Property and equipment	2,625,740	2,780,832
- Right-of-use assets	3,075,738	3,075,728
Interest on lease liability	5,809,077	5,977,594
Share of profit from equity accounted investees	(12,225,108)	(12,842,951)
Employees' benefits – defined benefits obligations	993,048	722,022
Profits from Financial Investment FVTPL	(786,117)	(26,378)
Finance cost	18,068,281	7,519,803
<b>Changes in:</b>		
Receivable from operating leases	(20,723,408)	(37,399,976)
Prepayments and other debit balances	(3,819,963)	(3,665,890)
Related parties' balances, net	15,721,367	13,928,236
Advances from lessees and deferred revenue	7,465,699	7,763,871
Accrued expenses and other credit balances	2,889,455	(6,030,897)
Dividend received from equity-accounted investees	11,250,000	7,500,000
	<u>76,365,312</u>	<u>51,159,745</u>
Employees' benefits – defined benefit obligation paid	(237,728)	(11,324)
Zakat paid	(7,709,658)	(6,773,343)
<b>Net cash generated from operating activities</b>	<u><b>68,417,926</b></u>	<u><b>44,375,078</b></u>
<b><u>Investing activities</u></b>		
Additions to property and equipment	(123,645)	(85,173)
Additions to investment properties	(29,739,270)	(29,155,755)
Purchase of investments in financial instruments at FVTPL	(19,000,000)	(30,000,000)
Proceeds from sale of investments in financial instruments at FVTPL	50,611,678	40,057,624
<b>Net Cash generated from/(used in) investing activities</b>	<u><b>1,748,763</b></u>	<u><b>(19,183,304)</b></u>
<b><u>Financing activities</u></b>		
Proceeds from Islamic finance facilities	58,557,500	-
Payment for Islamic Finance Facilities	(17,797,237)	(4,112,716)
Payment of lease liability on right-of-use assets	(6,725,000)	(12,445,000)
Dividends paid	(36,232,208)	(38,383,333)
<b>Net cash used in financing activities</b>	<u><b>(2,196,945)</b></u>	<u><b>(54,941,049)</b></u>
<b>Net change in cash and cash equivalents during the period</b>	<u><b>67,969,744</b></u>	<u><b>(29,749,275)</b></u>
Cash and cash equivalents at the beginning of the period	<u><b>139,138,373</b></u>	<u><b>200,761,240</b></u>
<b>Cash and cash equivalents at end of the period</b>	<u><u><b>207,108,117</b></u></u>	<u><u><b>171,011,965</b></u></u>



Fawaz Abdulaziz bin  
Huwail  
Chief Financial Officer



Eng. Faisal Abdulrehman  
Alnasser  
Chief Executive Officer



Dr. Abdulrahman Mohammed  
Albarrak  
Authorized board member

The notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.



**AL-ANDALUS PROPERTY COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**For the six-month period ended 30 June 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’s share capital is SR 933,333,330 divided into 93,333,333 shares with a nominal value of SR 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”) for the six-month period ended 30 June 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 consolidated financial statements for the year ended 31 December 2022 (Prior Year Financial Statements).

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 condensed 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-fair value through profit or loss.

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**For the six-month period ended 30 June 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 presentation currency of the Group is Saudi Riyals (SR).

**3 BASIS OF CONSOLIDATION OF THE INTERIM CONDENSED CONSOLIDATED 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 June 2023:

<u>Subsidiary's name</u>	<u>Country of Incorporation</u>	<u>% of ownership</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 %

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 which are located in Jeddah/ Riyadh:

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

**AL-ANDALUS PROPERTY COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
**For the six-month period ended 30 June 2023**  
(All amounts are expressed in Saudi Riyal unless otherwise stated)

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

**2. Manafea Al Andalus Company for Real Estate Development**

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

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

**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.

Several amendments and interpretations apply for the first time in 2023, referred to in details in the annual financial statements, which have an impact on the interim condensed consolidated financial statements of the Group.

**5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the condensed consolidated interim financial statements requires management to use judgments, estimates and assumptions that affect the reported amounts of assets and 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 amounts 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 interim condensed consolidated financial statements:

- Fair value disclosures of investment properties
- Impairment loss on operating lease receivables
- 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.

**AL-ANDALUS PROPERTY COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
**For the six-month period ended 30 June 2023**  
(All amounts are expressed in Saudi Riyal unless otherwise stated)

**6 INVESTMENT PROPERTIES**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b><u>Cost:</u></b>		
Balance at the beginning of period / year	<b>1,192,875,861</b>	1,146,590,982
Additions *	<b>29,739,270</b>	46,284,879
Balance at the end of the period / year	<b><u>1,222,615,131</u></b>	<u>1,192,875,861</u>
<b><u>Accumulated depreciation and impairment:</u></b>		
Balance at the beginning of the period/ year	<b>(189,437,038)</b>	(169,825,849)
Depreciation charged during the period / year	<b>(10,266,248)</b>	(21,451,632)
Reversal of impairment losses	-	1,840,443
Balance at the end of the period / year	<b><u>(199,703,286)</u></b>	<u>(189,437,038)</u>
<b>Net book value</b>	<b><u>1,022,911,845</u></b>	<u>1,003,438,823</u>

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

The Group has pledged Al-Andalus Mall against Islamic finance facility obtained from Saudi National Bank (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 2022. The fair values of the investment properties amounted to SR 1.9 billion as on that date. There have been no significant changes in the key assumptions used in determining the fair value of the investment properties. The valuation approaches used included income approach (discounted cash flows) and 'sales comparison approach' method. The fair values of investment properties related to Al Ahli Reit Fund 1 (the subsidiary) were determined on 30 June 2023.

The evaluation was carried out by the external valuers accredited by the Saudi Authority for Accredited Values (TAQEEM). (Esnad: TAQEEM record No. 1210000934), (Deloitte: TAQEEM record No. (1210000053). (ValuStart: TAQEEM record No. 1210001039), (Knight Frank: TAQEEM record No. (1220001311).

The management believes that the fair values of investment properties as at 30 June 2023 do not materially differ from the fair values determined as at 31 December 2022.

**7 PROPERTY AND EQUIPMENT**

As of 30 June 2023, the cost of property and equipment amounted to SR 211.3 million (31 December 2022: SR 211.1 million) and the accumulated depreciation amounted to SR 68.8 million (31 December 2022: SR 66.2 million).

The cost of properties includes Al-Andalus Mall and the Hotel that has been pledged against Islamic finance facility obtained from the Saudi National Bank (Note 11).

**AL-ANDALUS PROPERTY COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
**For the six-month period ended 30 June 2023**  
(All amounts are expressed in Saudi Riyal unless otherwise stated)

**8 EQUITY ACCOUNTED INVESTEEES**

Following is the details of the investments in the equity accounted investees:

	<u>Country of Incorporation</u>	<u>% of ownership</u>		<b>30 June</b>	31 December
		<b>30 June 2023</b>	31 December 2022	<b>2023</b> (Unaudited)	2022 (Audited)
Alaswaq Almutatawerah Company	Kingdom of Saudi Arabia	<b>50%</b>	50%	<b>101,753,094</b>	103,793,609
Hayat Real Estate Company	Kingdom of Saudi Arabia	<b>25%</b>	25%	<b>194,344,517</b>	189,376,397
Sorooh Al Marakiz Company*	Kingdom of Saudi Arabia	<b>25%</b>	25%	<b>49,031,250</b>	49,031,250
West Jeddah Hospital Company *	Kingdom of Saudi Arabia	<b>50%</b>	50%	<b>62,383,029</b>	63,608,463
Al-Jawhra Al-Kubra Company	Kingdom of Saudi Arabia	<b>25%</b>	25%	<b>65,061,828</b>	65,761,465
Massat Property Company *	Kingdom of Saudi Arabia	<b>25%</b>	25%	<b>43,435,681</b>	43,463,107
				<b>516,009,399</b>	515,034,291

\* These companies have not commenced commercial operations yet.

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

	<b>30 June 2023</b> (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/ year	<b>515,034,291</b>	521,004,741
Share of profit from equity accounted investees for the period/ year	<b>12,225,108</b>	25,803,098
Dividends received during the period/year	<b>(11,250,000)</b>	(31,773,548)
Balance at the end of the period / year	<b>516,009,399</b>	515,034,291

The Group's share in the profit/ (loss) of equity-accounted investees for the period is as follows:

	<b>For the Six-months period period ended 30 June</b>	
	<b>2023</b> (Unaudited)	2022 (Unaudited)
Alaswaq Almutatawerah Company	<b>2,959,484</b>	2,366,581
Hayat Real Estate Company	<b>11,218,120</b>	12,438,437
Sorooh Al Marakiz Company	-	(210,336)
West Jeddah Hospital Company	<b>(1,225,435)</b>	(616,396)
Al-Jawhra Al-Kubra Company	<b>(699,638)</b>	(1,121,625)
Massat Property Company	<b>(27,423)</b>	(13,710)
	<b>12,225,108</b>	12,842,951

The Companies' financial information as at and for the period ended 30 June 2023, is derived from management reports of the companies.

**AL-ANDALUS PROPERTY COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
**For the six-month period ended 30 June 2023**  
(All amounts are expressed in Saudi Riyal unless otherwise stated)

**9 FINANCIAL INSTRUMENTS - FAIR VALUE THROUGH PROFIT OR LOSS**

These investments represent investments in mutual funds as follows:

	30 June 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
Yaqeen SAR Murabha Fund*	30,000,000	31,239,320	80,000,000	81,104,181
Al Ahli Saudi Riyal Trade Fund **	19,000,000	19,039,300	-	-
	<b>49,000,000</b>	<b>50,278,620</b>	<b>80,000,000</b>	<b>81,104,181</b>

\*During the period, profits of SAR 746 thousand were realized from investment in Yaqeen Murabha Fund.

\*\* During the period, the Group invested in Al Ahli Saudi Riyal Trade Fund at a cost of SR 19 million. A profit was realized during the period in the amount of SR 39 thousand.

**10 CASH AND CASH EQUIVALENTS**

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash at banks	34,802,836	139,138,373
Time deposits	<b>172,305,281</b>	-
	<b>207,108,117</b>	<b>139,138,373</b>

Time deposits are represented in deposits with maturity of less than three months as follows:

	30 June 2023 (Unaudited)	31 December 2022 (audited)
Bank Al Rajhi*	30,103,500	-
Saudi Awwal Bank	90,322,000	-
Yaqeen SAR Murabha Fund***	<b>51,879,781</b>	-
	<b>172,305,281</b>	-

\*\* During the period, a time deposit was made with Al Rajhi Bank in the amount of SR 50 million, with a maturity date on 12 July 2023. In May 2023, the Group liquidated the deposit. A new time deposit amounting to SAR 30 million was made and a maturity date on 9 July 2023. During the period, a profit of SR 1 million was realized.

\*\* A deposit with Saudi Awwal Bank amounting to SR 90 million, with a maturity date on 9 July 2023. A profit was realized during the period in the amount of SR 322 thousand.

\*\*\* A deposit with Yaqeen SAR Murabha Fund amounting to SR 50.6 million, with a maturity date on 17 July 2023. A profit was realized during the period in the amount of SR 1.2 million.

**AL-ANDALUS PROPERTY COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**For the six-month period ended 30 June 2023**  
(All amounts are expressed in Saudi Riyal unless otherwise stated)

**11 ISLAMIC FINANCING FACILITIES**

The Group obtained during the previous years an Islamic finance 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 wholly owned subsidiary of the SNB as a guarantee against the Islamic finance 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.

Movement in Islamic finance facility during the period is as follows:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Unaudited)
Balance at the beginning of the period/year	<b>589,203,001</b>	558,727,653
Withdrawn during the period / year	<b>58,557,500</b>	30,475,348
Finance costs charged during the period / year	<b>18,068,281</b>	20,850,152
Payment of finance costs during the period / year	<b>(17,797,237)</b>	(20,850,152)
Balance at the end of the period / year	<b><u>648,031,545</u></b>	<u>589,203,001</u>

**12 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.

	<b>For the six-month period ended</b>	
	<b>30 June 2023 (Unaudited)</b>	30 June 2022 (Unaudited)
Profit for the period	<b><u>25,910,022</u></b>	<u>35,252,414</u>
Weighted average number of outstanding ordinary shares	<b><u>93,333,333</u></b>	<u>93,333,333</u>
Basic and diluted profit per share	<b><u>0.28</u></b>	<u>0.38</u>

The diluted earnings per share is equal to the basic earnings per share for the period ended 30 June 2023 and 30 June 2022 as there were no instruments with a reduced impact on earnings per share.

**AL-ANDALUS PROPERTY COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**For the six-month period ended 30 June 2023**  
(All amounts are expressed in Saudi Riyal unless otherwise stated)

**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 Company. 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 interim condensed consolidated financial statements.

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

<b>Related party name</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>30 June 2023 (Unaudited)</b>	<b>30 June 2022 (Unaudited)</b>
Hayat Real Estate Company	Equity accounted investee	Operating revenue and expenses paid on behalf	<b>5,704,595</b>	4,016,173
Imtiaz Al Arabia Company	A company related to a member of the board of directors	Rental income	<b>1,467,100</b>	1,467,100
Global Health care Company	A company related to a member of the board of directors	Rental income	<b>515,000</b>	515,000
Pharmacies Beauty Fourth Company	A company related to a member of the board of directors	Rental income	<b>385,000</b>	385,000
Senior management and others	Other related party	Salaries and other benefits	<b>1,410,250</b>	1,126,846
Al-Ahli Capital	Fund manager of the subsidiary	Operating Services	<b>15,307,809</b>	10,143,094

The details of balances with related parties are mentioned below:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>Due from related parties</b>		
Hayat Real Estate Company	<b>1,921,867</b>	2,335,425
Massat Property Company	<b>174,094</b>	174,094
	<b>2,095,961</b>	2,509,519
<b>Due to related parties</b>		
Al-Ahli Capital	<b>20,487,207</b>	5,179,398
	<b>20,487,207</b>	5,179,398



**Al-Andalus Property Company**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2023**  
(All amounts are expressed in Saudi Riyal unless otherwise stated)

**14 SEGMENT REPORTING**

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

- Retail 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).

	<b>Retail and operation sector</b>	<b>Hospitality sector</b>	<b>Office sector</b>	<b>Other</b>	<b>Total</b>
<b><u>For the six months ended June, 30, 2023 ((Unaudited))</u></b>					
Revenue	77,931,822	7,758,154	22,722,233	-	108,412,209
Cost of revenue	(22,479,957)	(9,741,830)	(5,019,442)	-	(37,241,229)
Share of profit from equity accounted investees	-	-	-	12,225,108	12,225,108
Expenses	(21,362,646)	-	(18,068,281)	(12,313,396)	(51,744,323)
Other income	-	-	-	4,103,490	4,103,490
Net income before Zakat	<b>34,089,219</b>	<b>(1,983,676)</b>	<b>(365,490)</b>	<b>4,015,202</b>	<b>35,755,255</b>
<b><u>As at 30 June 2023 (unaudited)</u></b>					
Total assets	<b>668,962,876</b>	<b>133,073,258</b>	<b>493,056,510</b>	<b>836,058,576</b>	<b>2,131,151,220</b>
Total liabilities	<b>366,732,107</b>	<b>-</b>	<b>513,357,196</b>	<b>4,002,036</b>	<b>884,091,339</b>
<b><u>For the six-month period ended 30 June 2022 (unaudited)</u></b>					
Revenue	77,553,293	7,115,866	22,722,233	-	107,391,392
Cost of revenue	(19,106,787)	(9,457,630)	(4,642,715)	-	(33,207,132)
Share of profit from equity accounted investees	-	-	-	12,842,951	12,842,951
Expenses	(17,580,480)	-	(7,519,803)	(12,115,085)	(37,215,368)
Other income	-	-	-	601,123	601,123
Net income before Zakat	<b>40,866,026</b>	<b>(2,341,764)</b>	<b>10,559,715</b>	<b>1,328,989</b>	<b>50,412,966</b>
<b><u>As at 31 December 2022 (audited)</u></b>					
Total assets	<b>639,223,663</b>	<b>124,346,290</b>	<b>486,735,663</b>	<b>804,701,311</b>	<b>2,055,006,927</b>
Total liabilities	<b>212,783,808</b>	<b>-</b>	<b>589,203,001</b>	<b>2,555,671</b>	<b>804,542,480</b>

**Al-Andalus Property Company**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2023**

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

**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 Company'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 following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	<b>Carrying amount</b>	<b>Fair value</b>		
	<b>Designated at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>30 June 2023</b>				
<b>Financial instruments at fair value through profit or loss</b>	<b>50,278,620</b>	<b>50,278,620</b>	-	-
<b>31 December 2022</b>				
<b>Financial instruments at fair value through profit or loss</b>	<b>81,104,181</b>	<b>81,104,181</b>	-	-

*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.

**Al-Andalus Property Company**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2023**

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

**16 DIVIDENDS**

On 9 March 2023, the Board of Directors have resolved under the authorization of the General Assembly to distribute interim dividends of SR 23,333,333 and the dividends have been paid on 23 March 2023 (30 June 2022: SR 23,333,333)

**17 SUBSEQUENT EVENTS**

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

**18 CAPITAL COMMITMENTS**

AS of Jun 30,2023 the group has capital commitments amounted to SR 44 Million for the expansion and construction parking in Al Andalus Mall in Jeddah.

**19 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements have been approved for issuance by the Board of Directors on 23 Muharram 1445H (corresponding to 10 August 2023)