

**Al-Andalus Property Company**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENT (UNAUDITED)**  
**For the three-month and nine-month periods ended  
30 September 2023**

together with the  
**Independent Auditor's review report**

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

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## KPMG Professional Services

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## كي بي إم جي للاستشارات المهنية

واجهة روشن، 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 September 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 September 2023,
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023,
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and 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 (٤٠.٠٠٠.٠٠٠) ريال سعودي منقوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون"، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة التجليزية محدودة بضمان. 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 30 September 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, 24 Rabi II 1445H  
Corresponding to: 8 November 2023

**Al-Andalus Property Company**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**(UNAUDITED)**  
**As at 30 September 2023**  
(All amounts are in Saudi Riyal unless otherwise stated)

	<i>Notes</i>	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	6	1,240,165,550	1,003,438,823
Property and equipment	7	141,766,254	144,946,865
Right of use assets		72,191,938	76,805,545
Equity accounted investees	8	525,035,648	515,034,291
<b>Total non-current assets</b>		<b>1,979,159,390</b>	<b>1,740,225,524</b>
<b>Current assets</b>			
Receivables from operating leases		104,275,055	81,212,620
Prepayments and other debit balances		14,268,489	10,816,710
Due from related parties	13	2,559,453	2,509,519
Financial instruments at FVTPL	9	-	81,104,181
Cash and cash equivalents	10	158,294,988	139,138,373
<b>Total current assets</b>		<b>279,397,985</b>	<b>314,781,403</b>
<b>Total assets</b>		<b>2,258,557,375</b>	<b>2,055,006,927</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		933,333,330	933,333,330
Statutory reserve		96,983,092	96,983,092
Retained earnings		38,569,162	52,139,994
<b>Equity attributable to the Shareholders of the company</b>		<b>1,068,885,584</b>	<b>1,082,456,416</b>
Non-controlling interests		155,831,697	168,008,031
<b>Total equity</b>		<b>1,224,717,281</b>	<b>1,250,464,447</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' benefits - defined benefit obligations		10,123,498	8,967,778
Lease liabilities on right of use assets		105,327,498	103,843,881
Islamic finance facilities	11	786,392,794	589,203,001
<b>Total non-current liabilities</b>		<b>901,843,790</b>	<b>702,014,660</b>
<b>Current liabilities</b>			
Advances from lessees and deferred revenue		56,679,614	45,780,107
Lease liabilities on right of use assets - current portion		16,697,750	16,192,750
Islamic finance facilities - current portion	11	5,442,476	-
Due to related parties	13	15,457,307	5,179,398
Zakat provision		5,526,481	8,784,088
Accrued expenses and other credit balances		32,192,676	26,591,477
<b>Total current liabilities</b>		<b>131,996,304</b>	<b>102,527,820</b>
<b>Total liabilities</b>		<b>1,033,840,094</b>	<b>804,542,480</b>
<b>Total equity and liabilities</b>		<b>2,258,557,375</b>	<b>2,055,006,927</b>

  
Mr. Fawaz Abdulaziz bin Huwail  
Chief Financial Officer

  
Eng. Faisal Abdulrahman  
Alnasser  
Chief Executive Officer

  
Dr. Abdulrahman Mohammed  
Albarrak  
Authorized board member

The accompanying 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 INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)****For the three-month and nine-month periods ended 30 September 2023**

(All amounts are in Saudi Riyal unless otherwise stated)

	Notes	For the three-month Period ended 30 September		For the nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue	14	55,538,145	53,265,870	163,950,352	160,657,262
Cost of revenue	14	(18,706,753)	(17,869,606)	(55,947,982)	(51,076,738)
<b>Gross profit</b>		<b>36,831,392</b>	<b>35,396,264</b>	<b>108,002,370</b>	<b>109,580,524</b>
General and administrative expenses		(13,037,400)	(11,669,596)	(38,811,108)	(34,311,654)
Marketing expenses		(269,061)	(444,245)	(2,362,318)	(1,520,158)
Share of profit from equity accounted investees	8	2,613,296	8,499,586	14,838,404	21,342,537
Other income		617,841	788,139	4,721,333	1,389,262
<b>Operating income</b>		<b>26,756,068</b>	<b>32,570,148</b>	<b>86,388,681</b>	<b>96,480,511</b>
Interest expenses on lease liabilities		(2,904,539)	(2,988,797)	(8,713,616)	(8,966,391)
Finance cost	11	(10,240,381)	(5,975,562)	(28,308,662)	(13,495,365)
<b>Profit before Zakat</b>		<b>13,611,148</b>	<b>23,605,789</b>	<b>49,366,403</b>	<b>74,018,755</b>
Zakat expense		(1,870,415)	(816,305)	(4,798,028)	(4,310,907)
<b>Profit for the period</b>		<b>11,740,733</b>	<b>22,789,484</b>	<b>44,568,375</b>	<b>69,707,848</b>
<b>Attributable to:</b>					
Shareholders of the Company		7,185,812	18,043,426	33,095,834	53,295,840
Non-controlling interests		4,554,921	4,746,058	11,472,541	16,412,008
		<u>11,740,733</u>	<u>22,789,484</u>	<u>44,568,375</u>	<u>69,707,848</u>
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to statement of profit or loss:					
		-	-	-	-
<b>Total comprehensive income</b>		<u>11,740,733</u>	<u>22,789,484</u>	<u>44,568,375</u>	<u>69,707,848</u>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		7,185,812	18,043,426	33,095,834	53,295,840
Non-controlling interests		4,554,921	4,746,058	11,472,541	16,412,008
		<u>11,740,733</u>	<u>22,789,484</u>	<u>44,568,375</u>	<u>69,707,848</u>
<b>Earnings per share</b>					
Basic and diluted earnings per share	12	<u>0.08</u>	<u>0.19</u>	<u>0.35</u>	<u>0.57</u>

Mr. Fawaz Abdulaziz bin Huwail

Chief Financial Officer

Eng. Faisal Abdulrahman  
Alnasser

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 INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the nine-month period ended 30 September 2023

(All amounts are in Saudi Riyal unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Equity attributable to the Company's Shareholders	Non-controlling interests	Total
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	-	-	33,095,834	33,095,834	11,472,541	44,568,375
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	33,095,834	33,095,834	11,472,541	44,568,375
Dividends during the period (Note 16)	-	-	(46,666,666)	(46,666,666)	(23,648,875)	(70,315,541)
<b>Balance as at 30 September 2023 - (unaudited)</b>	<b>933,333,330</b>	<b>96,983,092</b>	<b>38,569,162</b>	<b>1,068,885,584</b>	<b>155,831,697</b>	<b>1,224,717,281</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	-	-	53,295,840	53,295,840	16,412,008	69,707,848
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	53,295,840	53,295,840	16,412,008	69,707,848
Dividends during the period (Note 16)	-	-	(46,666,666)	(46,666,666)	(30,100,000)	(76,766,666)
<b>Balance as at 30 September 2022 - (unaudited)</b>	<b>933,333,330</b>	<b>90,305,707</b>	<b>46,045,395</b>	<b>1,069,684,432</b>	<b>163,900,169</b>	<b>1,233,584,601</b>

Mr. Fawaz Abdulaziz bin Huwail

Chief Financial Officer

Eng. Faisal Abdulrahman Alnasser

Chief Executive Officer

Dr. Abdulrahman Mohammed Albarak

Authorized board member

The accompanying 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 INTEIM STATEMENT OF CASH FLOWS (UNAUDITED)**


For the nine-month period ended 30 September 2023

(All amounts are in Saudi Riyal unless otherwise stated)

	For the nine-month period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
<b><u>Operating activities</u></b>		
Profit before Zakat	49,366,403	74,018,755
<b>Adjustments:</b>		
Depreciation:		
- Investment properties	16,037,684	16,088,749
- Property and equipment	3,934,678	4,148,650
- Right of use assets	4,613,607	4,613,587
Interest expenses on lease liabilities	8,713,617	8,966,391
Share of profit from equity accounted investees	(14,838,404)	(21,342,537)
Employees' benefits – defined benefit obligations	1,403,287	1,083,033
Profit from investments at FVTPL	(786,117)	(498,757)
Finance cost	28,308,662	13,495,365
<b>Changes in:</b>		
Receivables from operating leases	(23,062,435)	(27,932,034)
Prepayments and other receivables	(3,451,779)	(2,789,356)
Related parties balances, net	10,227,975	(52,209)
Advances from lessees and deferred income	10,899,507	10,399,852
Accrued expenses and other credit balances	5,601,199	(6,195,020)
Dividends received from equity-accounted investees	11,250,000	17,500,000
	108,217,884	91,504,469
Employees' benefits - defined benefit obligation paid	(247,567)	(3,083,891)
Zakat paid	(8,055,635)	(6,773,343)
<b>Net cash generated from operating activities</b>	<b>99,914,682</b>	<b>81,647,235</b>
<b><u>Investing activities</u></b>		
Additions to property and equipment	(754,067)	(331,544)
Additions to investment properties	(252,764,411)	(38,458,004)
Purchase of investments in financial instruments at FVTPL	-	(80,000,000)
Proceeds from sale of investments at FVTPL	81,890,298	40,057,624
Additions to investment in equity-accounted investees	(6,412,953)	-
<b>Net cash used in investing activities</b>	<b>(178,041,133)</b>	<b>(78,731,924)</b>
<b><u>Financing activities</u></b>		
Proceeds from Islamic finance facilities	202,487,132	30,317,560
Payment for Islamic Finance Facilities	(28,163,525)	(10,158,375)
Payment of lease liabilities on right of use assets	(6,725,000)	(12,445,000)
Dividends paid	(70,315,541)	(76,766,666)
<b>Net cash generated from/ (used in) financing activities</b>	<b>97,283,066</b>	<b>(69,052,481)</b>
Net change in cash and cash equivalents during the period	19,156,615	(66,137,170)
Cash and cash equivalents at the beginning of the period	139,138,373	200,761,240
<b>Cash and cash equivalents at end of period</b>	<b>158,294,988</b>	<b>134,624,070</b>

  
Mr. Fawaz Abdulaziz bin  
Huwail  
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Albarrak  
Authorized board member

The accompanying 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 (UNAUDITED)**

**For the nine-month period ended 30 September 2023**

(All amounts are in Saudi Riyal unless otherwise stated)

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#### **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 nine-month period ended 30 September 2023 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” as 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 at 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2023

(All amounts are in Saudi Riyal unless otherwise stated)

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## 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries listed below as at and for the period ended 30 September 2023:

<u>Subsidiary's name</u>	<u>Country of Incorporation</u>	<u>% of shareholding</u>	
		<u>2023</u>	<u>2022</u>
Al-Ahli 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. Al-Ahli REIT Fund 1

Al Ahli REIT Fund 1 was formed in accordance with Capital Market Authority dated 11 Rabi' I 1438H (corresponding to 29 November 2017). 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

## Al-Andalus Property Company

(A Saudi Joint Stock Company)

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2023

(All amounts are in Saudi Riyal unless otherwise stated)

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#### 3 BASIS OF CONSOLIDATION OF THE CONDENSED CONSOLIDATED INTERIM 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 condensed consolidated interim 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 condensed consolidated interim 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)****For the nine-month period ended 30 September 2023****(All amounts are in Saudi Riyal unless otherwise stated)****6 INVESTMENT PROPERTIES**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b><u>Cost:</u></b>		
Balance at the beginning of the period/ year	1,192,875,861	1,146,590,982
Additions *	<u>252,764,411</u>	<u>46,284,879</u>
Balance at the end of the period / year	<u>1,445,640,272</u>	<u>1,192,875,861</u>
<b><u>Accumulated depreciation and impairment:</u></b>		
Balance at the beginning of the period/ year	(189,437,038)	(169,825,849)
Depreciation charged during the period / year	(16,037,684)	(21,451,632)
Reversal of impairment losses	-	1,840,443
Balance at the end of the period / year	<u>(205,474,722)</u>	<u>(189,437,038)</u>
<b>Net book value</b>	<u>1,240,165,550</u>	<u>1,003,438,823</u>

The Group has pledged Al-Andalus Mall against Islamic finance facility obtained from Saudi National Bank (Note 11). It also mortgaged Yassmin Al-Andalus Tower to Saudi Awwal Bank against obtaining a long-term Islamic finance facility (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. However, in accordance with Article 8 of the Real Estate Investment Traded Funds Instructions issued by CMA, the fair value of investment properties related to Al Ahli Reit Fund I (the subsidiary) was determined on 30 June 2023.

The evaluation was carried out by the external valuers accredited by the Saudi Authority for Accredited Valuers (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 September 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 the purchase of an administrative tower in Riyadh city (Yassmin Al-Andalus Tower) in addition to expansion works for Al-Andalus Mall. Yassmin Al-Andalus Tower was assessed by an independent external valuer to determine its fair value at the date of purchase, and its fair value amounted to SR 204.8 million. The valuation technique used is the income approach (discounted cash flows). The evaluation was carried out by the external valuer accredited by the Saudi Authority for Accredited Valuers (TAQEEM). (Esnad: TAQEEM record No. 1210000934). The carrying amount of Yassmin Al-Andalus Tower amounted to SR 204 million, management believes that there is no significant difference between the carrying amount and the fair value as at 30 September 2023.

**7 PROPERTY AND EQUIPMENT**

As of 30 September 2023, the cost of property and equipment amounted to SR 211.87 million (31 December 2022: SR 211.1 million) and the accumulated depreciation amounted to SR 70.1 million (31 December 2022: SR 66.2 million).

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

**Al-Andalus Property Company**

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The details of equity-accounted investees are summarized as follows:

	<b>Country of Incorporation</b>	<b>% of shareholding</b>		<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
		<b>30 September 2023</b>	<b>31 December 2022</b>		
Alaswaq Almutatawerah Company	Kingdom of Saudi Arabia	50%	50%	<b>101,187,186</b>	103,793,609
Hayat Real Estate Company	Kingdom of Saudi Arabia	25%	25%	<b>199,872,703</b>	189,376,397
Soroooh Al Marakiz Company*	Kingdom of Saudi Arabia	25%	25%	<b>49,031,250</b>	49,031,250
West Jeddah Hospital Company *	Kingdom of Saudi Arabia	50%	50%	<b>61,770,311</b>	63,608,463
Al-Jawhra Al-Kubra Company	Kingdom of Saudi Arabia	25%	25%	<b>63,325,561</b>	65,761,465
Massat Property Company *	Kingdom of Saudi Arabia	25%	25%	<b>49,848,637</b>	43,463,107
				<b><u>525,035,648</u></b>	<b><u>515,034,291</u></b>

\* These companies have not commenced commercial operations yet.

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

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Balance at the beginning of the period/ year	<b>515,034,291</b>	521,004,741
Additions during the period **	<b>6,412,953</b>	-
Share of profit from equity accounted investees for the period/ year	<b>14,838,404</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><u>525,035,648</u></b>	<b><u>515,034,291</u></b>

\*\* The additions represent the increase in the carrying amount of the Group's investment in Massat Property Company through an additional capital contribution without a change in the percentage of shareholding.

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

	<b>For the nine-month period ended</b>	
	<b>30 September 2023 (Unaudited)</b>	<b>30 September 2022 (Unaudited)</b>
Alaswaq Almutatawerah Company	<b>2,393,577</b>	6,072,959
Hayat Real Estate Company	<b>16,746,306</b>	17,981,755
Soroooh Al Marakiz Company	-	(215,538)
West Jeddah Hospital Company	<b>(1,838,152)</b>	(717,280)
Al-Jawhra Al-Kubra Company	<b>(2,435,904)</b>	(1,729,315)
Massat Property Company	<b>(27,423)</b>	(50,044)
	<b><u>14,838,404</u></b>	<b><u>21,342,537</u></b>

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

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

These investments represent investments in mutual funds as follows:

	<b>30 September 2023</b>		<b>31 December 2022</b>	
	<b>Cost</b>	<b>Fair value</b>	<b>Cost</b>	<b>Fair value</b>
Yaqeen SAR Murabha Fund*	-	-	80,000,000	81,104,181
	-	-	80,000,000	81,104,181

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

During the period, the Group also 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**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Cash at banks	<b>158,294,988</b>	139,138,373
	<b>158,294,988</b>	<b>139,138,373</b>

**11 ISLAMIC FINANCE FACILITIES**

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

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Unaudited)</b>
Balance at the beginning of the period/year	<b>589,203,001</b>	558,727,653
Withdrawn during the period / year	<b>202,487,132</b>	30,475,348
Finance costs charged during the period / year	<b>28,308,662</b>	20,850,152
Payment of finance costs during the period / year	<b>(28,163,525)</b>	(20,850,152)
Balance at the end of the period / year	<b>791,835,270</b>	589,203,001
Current portion	<b>5,442,476</b>	-
Non-current portion	<b>786,392,794</b>	589,203,001
	<b>791,835,270</b>	<b>589,203,001</b>

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 has mortgaged 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.

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**11 ISLAMIC FINANCE FACILITIES (CONTINUED)**

During the period, the Group obtained an Islamic finance facility from Saudi Awwal Bank to finance the acquisition transaction of Yassmin Al-Andalus Tower in Al-Yasmeen district, Riyadh city. The term of the facility is 7 years, and payments must be made after one year from the date of withdrawal in the form of incremental annual installments for a period of 7 years, with the last installment due on the date of termination.

The financing is subject to commission rates based on SIBOR plus an agreed commission rate ranging from 1 to 1.75% per annum. The increase in the finance cost is the increase in the interest rate accrued during the period. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

**12 EARNINGS PER SHARE**

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

	<b>For the three-month Period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period	<b>7,185,812</b>	18,043,426	<b>33,095,834</b>	53,295,840
Weighted average number of outstanding ordinary shares*	<b>93,333,333</b>	93,333,333	<b>93,333,333</b>	93,333,333
Basic and diluted earnings per share (SR)	<b>0.08</b>	0.19	<b>0.35</b>	0.57

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

**13 RELATED PARTIES 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 condensed consolidated interim financial statements.

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**13 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)**

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

<u>Related party name</u>	<u>Relationship</u>	<u>Nature of the transaction</u>	<b>30 September 2023</b> <u>(Unaudited)</u>	30 September 2022 <u>(Unaudited)</u>
Hayat Real Estate Company	Associate	Operating revenue and expenses paid on behalf	<b>6,919,949</b>	16,899,458
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
Key management and others	Other related party	Salaries and other benefits	<b>2,551,123</b>	4,504,772
Al-Ahli Capital	Fund manager of a subsidiary	Operating Services	<b>10,277,909</b>	15,223,478

The details of balances with related parties are mentioned below:

	<b>30 September 2023</b> <u>(Unaudited)</u>	31 December 2022 <u>(Audited)</u>
<b>Due from related parties</b>		
Hayat Real Estate Company	<b>2,385,359</b>	2,335,425
Massat Property Company	<b>174,094</b>	174,094
	<b><u>2,559,453</u></b>	<u>2,509,519</u>
<b>Due to related parties</b>		
Al-Ahli Capital	<b>15,457,307</b>	5,179,398
	<b><u>15,457,307</u></b>	<u>5,179,398</u>



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**14 SEGMENTS 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, QBIC Plaza, and Yassmin Al-Andalus Tower).

<b>For the nine-month period ended 30 September 2023 (Unaudited)</b>	<b>Retail and operation sector</b>	<b>Hospitality sector</b>	<b>Office sector</b>	<b>Other</b>	<b>Total</b>
Revenue	117,610,504	12,069,988	34,269,860	-	163,950,352
Cost of revenue	(33,334,350)	(14,847,262)	(7,766,370)	-	(55,947,982)
Share of profit from equity accounted investees	-	-	-	14,838,404	14,838,404
Expenses	(32,758,184)	-	(28,308,663)	(17,128,857)	(78,195,704)
Other income	-	-	-	4,721,333	4,721,333
Net income before Zakat	<u>51,517,970</u>	<u>(2,777,274)</u>	<u>(1,805,173)</u>	<u>2,430,880</u>	<u>49,366,403</u>
<b>As at 30 September 2023 (unaudited)</b>					
Total assets	<u>687,628,073</u>	<u>132,396,879</u>	<u>697,573,444</u>	<u>740,958,979</u>	<u>2,258,557,375</u>
Total liabilities	<u>236,478,354</u>	<u>-</u>	<u>791,835,270</u>	<u>5,526,470</u>	<u>1,033,840,094</u>
<b>For the nine-month period ended 30 September 2022 (Unaudited)</b>					
Revenue	115,434,397	10,953,003	34,269,862	-	160,657,262
Cost of revenue	(29,322,855)	(14,375,800)	(7,378,083)	-	(51,076,738)
Share of profit from equity accounted investees	-	-	-	21,342,537	21,342,537
Expenses	(26,845,849)	-	(13,495,366)	(17,952,353)	(58,293,568)
Other income	-	-	-	1,389,262	1,389,262
Net income before Zakat	<u>59,265,693</u>	<u>(3,422,797)</u>	<u>13,396,413</u>	<u>4,779,446</u>	<u>74,018,755</u>
<b>As at 30 September 2022- unaudited</b>					
Total assets	<u>648,485,931</u>	<u>125,508,089</u>	<u>488,948,866</u>	<u>801,106,874</u>	<u>2,064,049,760</u>
Total liabilities	<u>212,783,808</u>	<u>-</u>	<u>589,045,213</u>	<u>28,636,138</u>	<u>830,465,159</u>

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**15 DETERMINATION OF FAIR VALUES, CLASSIFICATION AND RISK MANAGEMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and at prevailing market conditions regardless if the price is directly identified or estimated using other valuation technique.

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

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

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

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

The Group is exposed to risks as a result of using financial instruments. The following explains the 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.

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

*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.

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**16 DIVIDENDS**

The Board of Directors have resolved on 9 March 2023, 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. Also, the Board of Directors have resolved on 30 August 2023, under the authorization of the General Assembly, to distribute interim dividends of SR 23,333,333 and the dividends have been paid on 14 September 2023. The total dividends during the period amounted to SR 46,666,666 (30 September 2022: SR 46,666,666).

**17 SUBSEQUENT EVENTS**

There have been no significant subsequent events since the period-end date that might 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 24 Rabi' II 1445H (corresponding to 8 November 2023).