

**Al-Andalus Property Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
For the three-month period ended 31 March 2024
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 period ended 31 March 2024

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KPMG Professional Services

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Commercial Registration No 1010425494

Headquarters in Riyadh

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 31 March 2024 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 2024,
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024,
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2024, 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.

HM



Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements (continued)

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 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.

HM

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No. 371

Riyadh, 8 Dhul Qidah 1445H
Corresponding to: 16 May 2024



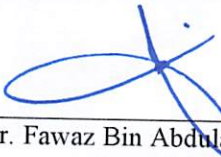
Al-Andalus Property Company

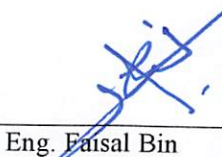
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**(UNAUDITED)****As at 31 March 2024**

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

| | <i>Note</i> | 31 March 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|-------------|--------------------------------------|---|
| <u>Assets</u> | | | |
| Investment properties | 6 | 1,267,018,898 | 1,253,363,451 |
| Property and equipment | 7 | 142,168,859 | 141,952,221 |
| Right of use assets | | 69,116,200 | 70,654,069 |
| Equity accounted investees | 8 | 532,312,542 | 527,085,565 |
| Total non-current assets | | 2,010,616,499 | 1,993,055,306 |
| Receivables from operating lease | | 85,575,270 | 72,265,806 |
| Prepayments and other receivables | | 25,810,883 | 15,211,949 |
| Due from related parties | 12 | 2,112,486 | 1,972,193 |
| Financial instruments at FVTPL | 9 | 35,402,379 | - |
| Cash and cash equivalents | | 108,571,054 | 176,940,865 |
| Total current assets | | 257,472,072 | 266,390,813 |
| Total assets | | 2,268,088,571 | 2,259,446,119 |
| <u>Equity</u> | | | |
| Share capital | | 933,333,330 | 933,333,330 |
| Statutory reserve | | 100,624,786 | 100,624,786 |
| Retained earnings | | 19,332,304 | 37,950,256 |
| Equity attributable to the Company's Shareholders | | 1,053,290,420 | 1,071,908,372 |
| Non-controlling interests | | 148,506,197 | 156,601,357 |
| Total equity | | 1,201,796,617 | 1,228,509,729 |
| <u>Liabilities</u> | | | |
| Employees' benefits – defined benefits obligations | | 11,300,819 | 10,873,929 |
| Lease liabilities | | 97,360,897 | 98,159,287 |
| Islamic finance facilities | 10 | 818,388,944 | 798,367,365 |
| Total non-current liabilities | | 927,050,660 | 907,400,581 |
| Advances from lessees and deferred revenue | | 59,411,001 | 49,935,755 |
| Lease liabilities - current portion | | 17,302,750 | 17,302,750 |
| Islamic finance facilities - current portion | 10 | 5,442,476 | 5,442,476 |
| Due to related parties | 12 | 20,337,387 | 16,020,364 |
| Zakat provision | | 7,878,994 | 7,010,047 |
| Accruals and other payables | | 28,868,686 | 27,824,417 |
| Total current liabilities | | 139,241,294 | 123,535,809 |
| Total liabilities | | 1,066,291,954 | 1,030,936,390 |
| Total equity and liabilities | | 2,268,088,571 | 2,259,446,119 |


Mr. Fawaz Bin Abdulaziz bin
Huwail
Chief Financial Officer


Eng. Faisal Bin
Abdulrahman Alnasser
Chief Executive Officer


Mr. Omar Bin Hamad AlMashal
Authorized Board Member

The accompanying notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.


Al-Andalus Property Company

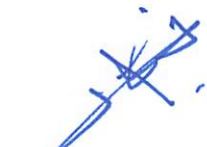
(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**For the three-month period ended 31 March 2024**

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

| | | For the three-month period ended 31 March | |
|---|-------------|--|-----------------------------|
| | <i>Note</i> | 2024 (Unaudited) | 2023 (Unaudited) |
| Revenue | 13 | 52,996,472 | 54,466,888 |
| Cost of revenue | 13 | (20,776,593) | (19,063,774) |
| Gross profit | | 32,219,879 | 35,403,114 |
| General and administrative expenses | | (11,251,752) | (9,827,364) |
| Marketing expenses | | (485,002) | (1,550,779) |
| Impairment of receivables from operating lease | | (3,000,000) | (2,300,000) |
| Share of profit from equity accounted investees | 8 | 5,226,977 | 7,089,041 |
| Other income | | 931,492 | 1,972,471 |
| Operating profit | | 23,641,594 | 30,786,483 |
| Finance cost | | (15,145,904) | (11,146,256) |
| Profit before Zakat | | 8,495,690 | 19,640,227 |
| Zakat | | (1,126,406) | (1,828,898) |
| Profit for the period | | 7,369,284 | 17,811,329 |
| Attributable to: | | | |
| Shareholders of the Company | | 4,715,381 | 14,264,132 |
| Non-controlling interests | | 2,653,903 | 3,547,197 |
| | | 7,369,284 | 17,811,329 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to statement of profit or loss: | | | |
| Total comprehensive income | | 7,369,284 | 17,811,329 |
| Total comprehensive income attributable to: | | | |
| Shareholders of the Company | | 4,715,381 | 14,264,132 |
| Non-controlling interests | | 2,653,903 | 3,547,197 |
| | | 7,369,284 | 17,811,329 |
| Earnings per share | | | |
| Basic and diluted earnings per share | 11 | 0.05 | 0.15 |


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Eng. Faisal Bin Abdulrahman Alnasser
Chief Executive Officer


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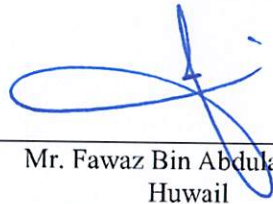
Al-Andalus Property Company
(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three-month period ended 31 March 2024

(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 |
|--|--------------------|----------------------|----------------------|--|------------------------------|----------------------|
| Balance as at 1 January 2024 - (audited) | 933,333,330 | 100,624,786 | 37,950,256 | 1,071,908,372 | 156,601,357 | 1,228,509,729 |
| Profit for the period | - | - | 4,715,381 | 4,715,381 | 2,653,903 | 7,369,284 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 4,715,381 | 4,715,381 | 2,653,903 | 7,369,284 |
| Dividends during the period (Note 15) | - | - | (23,333,333) | (23,333,333) | (10,749,063) | (34,082,396) |
| Balance as at 31 March 2024 (unaudited) | 933,333,330 | 100,624,786 | 19,332,304 | 1,053,290,420 | 148,506,197 | 1,201,796,617 |
| 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 |
| Dividends during the period (Note 15) | - | - | (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 |


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Authorized Board Member

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Al-Andalus Property Company

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**For the three-month period ended 31 March 2024**

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

| | For the three-month period ended 31 March | |
|---|--|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| <u>Operating activities</u> | | |
| Profit for the period before Zakat | 8,495,690 | 19,640,227 |
| Adjustments: | | |
| Depreciation: | | |
| - Investment properties | 6,571,845 | 5,409,146 |
| - Property and equipment | 1,316,240 | 1,313,101 |
| - Right of use assets | 1,537,869 | 1,537,869 |
| Interest on lease liabilities | 2,801,610 | 2,904,539 |
| Share of profit from equity accounted investees | (5,226,977) | (7,089,041) |
| Impairment loss on receivables from operating lease | 3,000,000 | 2,300,000 |
| Employees' benefits – defined benefit obligations | 516,456 | 345,800 |
| Gain from investment in financial instruments at FVTPL | (359,315) | (946,235) |
| Investment income in term deposits | - | (603,473) |
| Finance cost | 12,344,294 | 8,241,717 |
| | 30,997,712 | 33,053,650 |
| Changes in: | | |
| Receivables from operating leases | (16,309,464) | (4,152,548) |
| Prepayments and other receivables | (10,598,934) | (2,765,844) |
| Related parties' balances, net | 4,176,730 | 3,144,644 |
| Advances from lessees and deferred revenue | 9,475,246 | (3,915,277) |
| Accruals and other payables | 1,044,269 | (3,726,448) |
| Dividends received from equity-accounted investees | - | 9,250,000 |
| Cash generated from operating activities | 18,785,559 | 30,888,177 |
| Employees' benefits - defined benefit obligation paid | (89,566) | - |
| Zakat paid | (257,459) | - |
| Net cash generated from operating activities | 18,438,534 | 30,888,177 |
| <u>Investing activities</u> | | |
| Additions to property and equipment | (1,532,878) | (123,645) |
| Additions to investment properties | (20,227,292) | (17,556,352) |
| Purchase of investments in financial instruments at FVTPL | (35,043,064) | (50,000,000) |
| Net cash used in investing activities | (56,803,234) | (67,679,997) |
| <u>Financing activities</u> | | |
| Proceeds from Islamic finance facilities | 20,000,000 | - |
| Payment of interest for Islamic finance facilities | (12,322,715) | (1,088,622) |
| Payment of lease liabilities | (3,600,000) | (3,095,000) |
| Dividends paid | (23,333,333) | (23,333,333) |
| Dividends paid to the non-controlling interests | (10,749,063) | (12,898,875) |
| Net cash used in financing activities | (30,005,111) | (40,415,830) |
| Net change in cash and cash equivalents during the period | (68,369,811) | (77,207,650) |
| Cash and cash equivalents at the beginning of the period | 176,940,865 | 139,138,373 |
| Cash and cash equivalents at closing of the period | 108,571,054 | 61,930,723 |

Mr. Fawaz Bin Abdulaziz bin
Huwait
Chief Financial Officer

Eng. Faisal Bin Abdulrahman
Alnasser
Chief Executive Officer

Mr. Omar Bin Hamad AlMashal
Authorized Board Member

The accompanying notes 1 through 17 form an integral part of these interim condensed consolidated financial statements.

Al-Andalus Property Company

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2024

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

1 Reporting Entity

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

The main activities of the Company include construction, ownership and management of centers, commercial and residential complexes in addition to general contracting of residential, commercial buildings, educational, recreational, health institutions, roads, dams, water and sewage projects, electrical and mechanical works. The activities also include maintenance and operation of real estate properties, buildings and commercial complexes as well as ownership, development and investment of lands and 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 interim consolidated financial statements (the “Interim Financial Statements”) for the three-month period ended 31 March 2024 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” as endorsed in the 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 for the year ended 31 December 2023 (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 International Financial Reporting Standards (IFRS Accounting Standards) issued by International Accounting Standards Board (“IASB”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the 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 consolidated financial statements.

The performance for the three-month period ended on 31 March, 2024, do not necessarily reflect the results that could be anticipated for the year ending on 31 December, 2024

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

Al-Andalus Property Company

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2024

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

2 Basis of Preparation (continued)

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 financial statements

The interim financial statements include the financial statements of the Company and its subsidiaries listed below as at and for the period ended 31 March 2024:

| <u>Subsidiary's name</u> | <u>Country of Incorporation</u> | <u>% of shareholding</u> | |
|--|---------------------------------|--------------------------|-------------|
| | | <u>2024</u> | <u>2023</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 and the terms and conditions of the Fund were approved on 11 Rabi' I 1439H (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> |
|-------------------------|-----------------|
| Alandalus 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 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 include 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 |

Al-Andalus Property Company

(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2024

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

4 Amendments to standards and interpretations

The accounting policies adopted in the preparation of these interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024, but these do not have an impact on the interim financial statements of the Group.

5 Significant accounting judgments, estimates and assumptions

The preparation of the 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 significant estimates made by the management when applying the Group's accounting policies and the significant sources of uncertainties of the estimates were similar to those applied in the preparation in the Group's annual consolidated financial statements as at and for the year ended 31 December 2023.

Al-Andalus Property Company

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three-month period ended 31 March 2024

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

6 Investment properties

| | 31 March 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|------------------------------|----------------------------------|
| Cost: | | |
| Balance at the beginning of the period/ year | 1,465,572,198 | 1,192,875,861 |
| Additions * | <u>20,227,292</u> | <u>272,696,337</u> |
| Balance at the end of the period / year | <u>1,485,799,490</u> | <u>1,465,572,198</u> |
| Accumulated depreciation: | | |
| Balance at the beginning of the period/ year | (212,208,747) | (189,437,038) |
| Depreciation charged during the period / year | <u>(6,571,845)</u> | <u>(22,771,709)</u> |
| Balance at the end of the period / year | <u>(218,780,592)</u> | <u>(212,208,747)</u> |
| Net carrying amount | <u><u>1,267,018,898</u></u> | <u><u>1,253,363,451</u></u> |

The Group has pledged Al-Andalus Mall against Islamic financing facility that is obtained from the Saudi National Bank (note 10). It also pledged Yassmin Al-Andalus Tower against a long-term Islamic finance facility obtained from the Saudi Awwal Bank (refer note 10).

The lands and the buildings classified as investment properties, were evaluated by external valuers to determine their fair value as at 31 December 2023. The fair values of the investment properties amounted to SR 2.2 billion as on that date. The key assumptions used in determining the fair value of the investment properties represent the discount rates and the valuation approaches used are the income approach (discounted cash flows) and sales comparable method.

The evaluation was carried out by the external valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM), [(Esnad: TAQEEM record No. 11000054), (Deloitte: TAQEEM record No. 1210001815) (ValuStart: TAQEEM record No. 1210001039)].

The management believes that the fair values of investment properties as at 31 March 2024 do not materially differ from the fair values determined as at 31 December 2023.

* During the period, a lease agreement was signed to lease Yassmin Al-Andalus building according to the contract concluded at 5 March 2024 with a total amount of SR 114,330,758 inclusive of VAT for a period of five years. No revenues were recorded during the three-month period ended 31 March 2024, as the agreed upon rental period did not commence.

* Additions to the investment properties during the period mainly represent the expansion works for Al-Andalus Mall, including the capitalized borrowing costs amounting to SR 2.9 million during the period.

7 Property and equipment

As of 31 March 2024, the cost of property and equipment amounted to SR 214.9 million (31 December 2023: SR 213.4 million) and the accumulated depreciation amounted to SR 72.7 million (31 December 2023: SR 71.4 million).

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

Al-Andalus Property Company

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**(UNAUDITED)****For the three-month period ended 31 March 2024**

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

8 Investment in equity-accounted investees

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

| | <u>Country of Incorporation</u> | <u>% of shareholding</u> | | <u>31 March 2024 (Unaudited)</u> | <u>31 December 2023 (Audited)</u> |
|------------------------------------|-------------------------------------|--------------------------|-----------------------------|--------------------------------------|---------------------------------------|
| | | <u>31 March 2024</u> | <u>31 December 2023</u> | | |
| Alaswaq | | | | | |
| Almutatawerah Company ** | Kingdom of Saudi Arabia | 50% | 50% | 107,320,060 | 105,614,770 |
| Hayat Real Estate Company | Kingdom of Saudi Arabia | 25% | 25% | 197,895,994 | 192,011,638 |
| Soroooh Al Marakiz Company* | Kingdom of Saudi Arabia | 25% | 25% | 49,031,249 | 49,031,249 |
| West Jeddah Hospital Company ** | Kingdom of Saudi Arabia | 50% | 50% | 58,977,340 | 62,052,533 |
| Al-Jawhra Al-Kubra Company | Kingdom of Saudi Arabia | 25% | 25% | 62,734,824 | 62,022,300 |
| Massat Property Company * | Kingdom of Saudi Arabia | 25% | 25% | 56,353,075 | 56,353,075 |
| | | | | 532,312,542 | 527,085,565 |

* These companies have not commenced commercial operations yet.

** The Group owns 50% of the shareholding of these associates and does not have control or common control over these associates.

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

| | <u>31 March 2024 (Unaudited)</u> | <u>31 December 2023 (Unaudited)</u> |
|---|--------------------------------------|---|
| Balance at the beginning of the period/ year | 527,085,565 | 515,034,291 |
| Addition during the period / year | - | 13,000,000 |
| Share of profit from equity accounted investees for the period/ year | 5,226,977 | 24,051,274 |
| Dividends received during the period/year | - | (25,000,000) |
| Balance at the end of the period / year | 532,312,542 | 527,085,565 |

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

| | <u>For the three-month period ended</u> | |
|--------------------------------|---|--------------------------------------|
| | <u>31 March 2024 (Unaudited)</u> | <u>31 March 2023 (Unaudited)</u> |
| Alaswaq Almutatawerah Company | 1,705,290 | 2,299,956 |
| Hayat Real Estate Company | 5,884,355 | 5,808,873 |
| West Jeddah Hospital Company * | (3,075,192) | (613,570) |
| Al-Jawhra Al-Kubra Company | 712,524 | (392,154) |
| Massat Property Company | - | (14,064) |
| | 5,226,977 | 7,089,041 |

The companies' financial information as at and for the period ended 31 March 2024, is derived from the management reports of these companies.

* West Jeddah Hospital Company was commenced operation on 31 March 2024.

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9 Financial instruments at fair value through profit or loss

These investments represent investments in mutual funds as follows:

| | <u>31 March 2024</u> | | <u>31 December 2023</u> | |
|--------------------------|----------------------|-------------------|-------------------------|------------|
| | Cost | Fair value | Cost | Fair value |
| Yaqeen SAR Murabaha Fund | 30,000,000 | 30,343,375 | - | - |
| Al-Ahli Investment Fund | 5,043,064 | 5,059,004 | - | - |
| | <u>35,043,064</u> | <u>35,402,379</u> | <u>-</u> | <u>-</u> |

During the period, the Group invested in Yaqeen SAR Murabaha Fund at a cost of SR 30 million and Al-Ahli Investment Fund with a cost of approximately SR 5 million. Profits of SR 359,375 were recorded during the period from these investments.

10 Islamic Finance facilities

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

| | <u>31 March 2024</u> (Unaudited) | <u>31 December 2023</u> (Audited) |
|---|--|---|
| Balance at the beginning of the year | 993,752,859 | 743,730,159 |
| Proceeds during the period / year | 20,000,000 | 214,236,995 |
| Additions to the finance cost during the year | 3,480,568 | 75,974,601 |
| Finance costs paid during the period / year | <u>(12,322,715)</u> | <u>(40,188,896)</u> |
| Total value of facilities | 1,004,910,712 | 993,752,859 |
| Less: deferred finance cost * | <u>(181,079,292)</u> | <u>(189,943,018)</u> |
| Balance at the end of the period / year | <u>823,831,420</u> | <u>803,809,841</u> |
| Non-current portion | <u>818,388,944</u> | <u>798,367,365</u> |
| Current portion | <u>5,442,476</u> | <u>5,442,476</u> |

During 2019, the Group obtained an Islamic financing facility amounting to SR 650 million from the Saudi National Bank. The facility agreement included adherence to specific financial covenants by the Saudi National Bank. The Group pledged the properties (Al-Andalus Mall and Al-Andalus Hotel) in favor of the Real Estate Development Company for Ownership and Management, a fully owned subsidiary of the Saudi National Bank as a guarantee against the financing. The tenor of Islamic financing facility is 15 years. The Islamic financing facility provides 5 years grace period during which only profit payments must be made. Following the grace period, the principal amount shall be repaid over 10 years on a quarterly basis. Further, an amendment to the Islamic financing agreement was signed and the type of facility was changed to Murabaha rather than Ijara. The tenor was revised and the outstanding financing balance was payable on July 2026. Accordingly, the financing balance became disclosed as non-current. The facility limit was also increased to SR 760 million instead of SR 650 million. An additional amount of the facility of SR 20 million was used during the period ended 31 March 2024.

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10 Islamic Finance facilities (continued)

During the year ended 31 December 2023, the Group obtained an Islamic finance facility from the 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 maturity. The Group transferred the title deed of Yassmin Al-Andalus Tower to the Saudi Awwal Bank as a guarantee against the financing. The Group also approved to waive the rental returns and transfer them directly to the Group account at the Saudi Awwal Bank.

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 attributable to the increase in the commission rate during the period. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

11 Earnings per share

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

| | For the three-month period ended | |
|---|---|---------------|
| | 31 March 2024 | 31 March 2023 |
| | (Unaudited) | (Unaudited) |
| Profit for the period | 4,715,381 | 14,264,132 |
| Weighted average number of outstanding ordinary shares* | 93,333,333 | 93,333,333 |
| Basic and diluted earnings per share (SR) | 0.05 | 0.15 |

The diluted earnings per share is equal to the basic earnings per share for the periods ended 31 March 2024 and 31 March 2023 as there are no instruments with diluted impact on earnings per share.

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12 Transactions and balances with related parties

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 interim financial statements.

The details of transactions with related parties are mentioned below:

| <u>Related party name</u> | <u>Relationship</u> | <u>Nature of the transaction</u> | <u>31 March 2024 (Unaudited)</u> | <u>31 December 2023 (Audited)</u> |
|---------------------------|------------------------------|--|----------------------------------|-----------------------------------|
| Hayat Real Estate Company | Associate | Operating income and expenses paid on behalf | 4,084,678 | 10,362,519 |
| Al-Ahli Capital | Fund manager of a subsidiary | Operating Services | 4,317,023 | 10,846,217 |

The details of balances with related parties are mentioned below:

| | <u>31 March 2024 (Unaudited)</u> | <u>31 December 2023 (Audited)</u> |
|---------------------------------|----------------------------------|-----------------------------------|
| Due from related parties | | |
| Hayat Real Estate Company | 2,112,486 | 1,972,193 |
| | 2,112,486 | 1,972,193 |
| Due to related parties | | |
| Al-Ahli Capital | 20,337,387 | 16,020,364 |
| | 20,337,387 | 16,020,364 |

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13 Segments Reporting

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

| <u>Reportable segments</u> | <u>Activity</u> |
|------------------------------|---|
| Retail and operation segment | This includes rented out commercial units of certain investment properties utilized as malls and for operation of the malls. |
| Hospitality segment | This includes investment properties used for providing hospitality services (Al-Andalus Mall Hotel). |
| Office segment | This includes rented out for commercial units of the certain investment properties utilized for office premises (Salama Tower, QBIC Plaza, Yassmin Al-Andalus Tower). |

The Group reviews internal reports for each segment on a quarterly basis at a minimum.

The information related to each reportable segment is as follows: Net profit before zakat of a segment is used to measure the performance of that segment as the Group's management believes that this information is the most relevant in assessing the results of the relevant sector compared to other companies operating in the same industry.

| | <u>Retail and operation segments</u> | <u>Hospitality segments</u> | <u>Office segments</u> | <u>Other</u> | <u>Total</u> |
|--|--|---------------------------------|----------------------------|--------------------|----------------------|
| <u>For the three-month period ended 31 March 2024</u> | | | | | |
| <u>(Unaudited)</u> | | | | | |
| Revenue | 36,932,439 | 4,671,661 | 11,392,372 | - | 52,996,472 |
| Cost of revenue | (11,059,075) | (5,834,870) | (3,882,648) | - | (20,776,593) |
| Share of profit from equity-accounted investees | - | - | - | 5,226,977 | 5,226,977 |
| Expenses | (9,061,010) | - | (12,344,294) | (5,477,354) | (26,882,658) |
| Impairment of receivables from operating lease | (3,000,000) | - | - | - | (3,000,000) |
| Other income | - | - | - | 931,492 | 931,492 |
| Profit before Zakat | <u>13,812,354</u> | <u>(1,163,209)</u> | <u>(4,834,570)</u> | <u>681,115</u> | <u>8,495,690</u> |
| <u>As at 31 March 2024</u> | | | | | |
| Total assets | <u>661,072,409</u> | <u>132,400,585</u> | <u>687,974,742</u> | <u>786,640,835</u> | <u>2,268,088,571</u> |
| Total liabilities | <u>401,160,026</u> | <u>-</u> | <u>657,252,941</u> | <u>7,878,987</u> | <u>1,066,291,954</u> |

Group revenues are generated from contracts with customers by providing commercial unit rental services and hospitality services. Control over housing units rental services is transferred over time, while control over hospitality services is transferred at a point in time.

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13 Reporting Segments (Continued)

For the three-month period ended 31 March 2023
(Unaudited)

| | Retail and operation segments | Hospitality segments | Office segments | 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 from equity accounted investees | - | - | - | 7,089,041 | 7,089,041 |
| Expenses | (7,227,683) | - | (8,241,716) | (7,055,000) | (22,524,399) |
| Impairment of receivables from operating lease | (2,300,000) | - | - | - | (2,300,000) |
| Other income | - | - | - | 1,972,471 | 1,972,471 |
| Profit before Zakat | <u>17,897,749</u> | <u>(849,535)</u> | <u>585,501</u> | <u>2,006,512</u> | <u>19,640,227</u> |
| <u>As at 31 December 2023</u> | | | | | |
| Total assets | <u>708,870,685</u> | <u>132,646,133</u> | <u>694,173,006</u> | <u>723,756,295</u> | <u>2,259,446,119</u> |
| Total liabilities | <u>366,774,863</u> | <u>-</u> | <u>657,151,488</u> | <u>7,010,039</u> | <u>1,030,936,390</u> |

Information about geographic regions

All of the Group's operating segments operate within the borders of the Kingdom of Saudi Arabia.

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14 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 of the fact that price is directly identified or estimated using other valuation technique.

All assets and liabilities whether these are measured at fair value or not, are disclosed in the financial statements in accordance with the hierarchical levels of fair value measurements as stated below are classified into the respective hierarchy based on the lowest level of 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 the same or identical instruments.

Level 2: valuation techniques that use inputs that are directly or indirectly observable or tracked for an instrument other than declared / quoted prices mentioned in level 1.

Level 3: valuation techniques for which significant inputs are used that are unobservable or not tracked for an instruments.

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, polices 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.

| | Carrying amount | Fair value | | |
|---|-------------------------------------|-------------------|----------------|----------------|
| | Designated at fair value | Level 1 | Level 2 | Level 3 |
| 31 March 2024 | | | | |
| Financial instruments at fair value through profit or loss | 35,402,379 | 35,402,379 | - | - |
| 31 December 2023 | | | | |
| Financial instruments at fair value through profit or loss | - | - | - | - |

The fair value of the above-mentioned financial instruments was based on the Parallel Market (Nomu).

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15 Dividends

On 6 March 2024, the Board of Directors decided pursuant to the authorization of the general assembly to distribute interim dividends of SR 23.3 million (SR 0.25 per share) and such dividends were paid on 26 March 2024 (31 March 2023: SR 23.3 million - SR 0.25 per share).

16 Subsequent events

There have been no subsequent events after the reporting date that might require disclosure in or adjustment in these interim financial statements.

17 Approval of interim financial statements

These interim financial statements have been approved for issuance by the Board of Directors on 16 May 2025 (8 Dhul Qidah 1445H).