
Al-Andalus Property Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and nine-month periods ended 30 September 2022
Together with the
Independent Auditor's review report

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(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements (Unaudited)
Together with the Independent Auditor's Review Report
for the three-month and nine-month periods ended 30 September 2022

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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

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

Introduction

We have reviewed the accompanying 30 September 2022 condensed consolidated interim financial statements of Al-Andalus Property Company (the "Company") and its subsidiaries (the "Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2022; and;
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2022 condensed consolidated interim financial statements of Al-Andalus Property Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Khalil Ibrahim Al Sedais
License No: 371

Date: 9 Rabi II 1444H
Corresponding to: 3 November 2022

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 September 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	<i>Note</i>	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Non-current assets			
Investment properties	6	999,134,388	976,765,133
Property and equipment	7	146,121,296	149,938,402
Right of use assets		78,343,434	82,957,021
Investment in equity accounted investees	8	524,847,278	521,004,741
Total non-current assets		1,748,446,396	1,730,665,297
Current assets			
Receivables from operating leases		87,473,724	59,541,690
Prepayments and other assets		10,874,752	8,085,396
Due from related parties	13	2,158,439	1,344,835
Investments at fair value through profit or loss	10	80,472,379	40,031,246
Cash and cash equivalents	9	134,624,070	200,761,240
Total current assets		315,603,364	309,764,407
Total assets		2,064,049,760	2,040,429,704
Equity and liabilities			
Equity			
Share capital		933,333,330	933,333,330
Statutory reserve		90,305,707	90,305,707
Retained earnings		46,045,395	39,416,221
Equity attributable to the Shareholders of the Company		1,069,684,432	1,063,055,258
Non-controlling interests		163,900,169	177,588,161
Total equity		1,233,584,601	1,240,643,419
Liabilities			
Non-current liabilities			
Employees' benefits – defined benefit obligations		7,459,338	9,460,196
Lease liability on right-of-use assets		110,322,834	114,294,193
Islamic finance facilities	11	589,045,213	558,727,653
Total Non-current liabilities		706,827,385	682,482,042
Current Liabilities			
Advances from lessees and deferred revenue		56,330,736	45,930,885
Lease liability on right-of-use of assets – current portion		16,192,750	15,700,000
Due to related parties	13	15,249,281	14,487,886
Zakat provision		5,927,519	8,389,959
Accrued expenses and other liabilities		29,937,488	32,795,513
Total current liabilities		123,637,774	117,304,243
Total liabilities		830,465,159	799,786,285
Total equity and liabilities		2,064,049,760	2,040,429,704

Fawaz Abdulaziz bin Huwail

Chief Financial Officer

Eng. Mashal Ibrahim
Abuneef

Acting Chief Executive
Officer

Dr. Abdulrahman Mohammed Albarrak

Authorized board member

The notes 1 to 18 form an integral part of these interim condensed consolidated 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 and nine-month periods ended 30 September 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

		For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2022	2021	2022	2021
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	14	53,265,870	55,438,404	160,657,262	158,344,458
Cost of revenue	14	(17,869,606)	(18,007,982)	(51,076,738)	(51,784,063)
Gross profit		35,396,264	37,430,422	109,580,524	106,560,395
General and administrative expenses		(11,669,596)	(9,761,179)	(34,311,654)	(30,645,991)
Marketing expenses		(444,245)	(385,951)	(1,520,158)	(1,387,506)
Share of profit from equity accounted investees	8	8,499,586	5,799,799	21,342,537	22,229,925
Other income		788,139	235,286	1,389,262	1,268,622
Operating profit		32,570,148	33,318,377	96,480,511	98,025,445
Interest expense on lease liability		(2,988,797)	(3,066,098)	(8,966,391)	(9,198,294)
Finance cost		(5,975,562)	(3,507,951)	(13,495,365)	(10,607,751)
Profit before Zakat		23,605,789	26,744,328	74,018,755	78,219,400
Zakat expense		(816,305)	(861,717)	(4,310,907)	(2,690,262)
Profit for the period		22,789,484	25,882,611	69,707,848	75,529,138
Attributable to:					
Shareholders of the Company		18,043,426	19,367,128	53,295,840	57,553,238
Non-controlling interest		4,746,058	6,515,483	16,412,008	17,975,900
		22,789,484	25,882,611	69,707,848	75,529,138
Other comprehensive income					
Items that will not be reclassified subsequently to statement of profit or loss:		-	-	-	-
Total comprehensive income		22,789,484	25,882,611	69,707,848	75,529,138
Total comprehensive income attributable to:					
Shareholders of the Company		18,043,426	19,367,128	53,295,840	57,553,238
Non-controlling interests (NCI)		4,746,058	6,515,483	16,412,008	17,975,900
		22,789,484	25,882,611	69,707,848	75,529,138
Earnings per share					
Basic and diluted earnings per share	12	0.19	0.21	0.57	0.62


Fawaz Abdulaziz bin Huwail
Chief Financial Officer


Eng. Mashal Ibrahim Abuneef
Acting Chief Executive Officer


Dr. Abdulrahman Mohammed Albarrak
Authorized board member

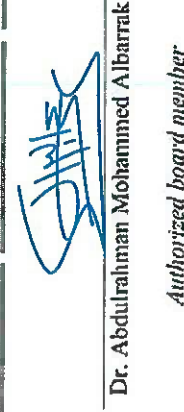
The notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the nine-month period ended 30 September 2022
(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 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 - Unaudited	-	-	53,295,840	53,295,840	16,412,008	69,707,848
Other comprehensive income - Unaudited	-	-	-	-	-	-
Total comprehensive income for the period - Unaudited	-	-	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)
Balance as at 30 September 2022 - Unaudited	933,333,330	90,305,707	46,045,395	1,069,684,432	163,900,169	1,233,584,601
Balance as at 1 January 2021 - Audited	700,000,000	96,841,478	256,335,553	1,053,177,031	182,939,218	1,236,116,249
Increase in share capital through the issuance of bonus shares - (note 1)	233,333,330	(13,333,330)	(220,000,000)	-	-	-
Profit for the period - Unaudited	-	-	57,553,238	57,553,238	17,975,900	75,529,138
Other comprehensive income - Unaudited	-	-	-	-	-	-
Total comprehensive income for the period - Unaudited	-	-	57,553,238	57,553,238	17,975,900	75,529,138
Dividends during the period	-	-	(35,000,000)	(35,000,000)	(29,025,000)	(64,025,000)
Balance as at 30 September 2021 - Unaudited	933,333,330	83,508,148	58,888,791	1,075,730,269	171,890,118	1,247,620,387


Fawaz Abdulaziz bin Muwail
Chief Financial Officer


Eng. Mashal Ibrahim Abuncef
Acting Chief Executive Officer


Dr. Abdulrahman Mohammed Albarrak
Authorized board member

The notes 1 to 18 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 nine-month period ended 30 September 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	For the nine-month period ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
<u>Operating activities</u>		
Profit before Zakat	74,018,755	78,219,400
Adjustments:		
Depreciation:		
- Investment properties	16,088,749	16,225,744
- Property and equipment	4,148,650	4,489,968
- Right of use assets	4,613,587	4,613,607
Interest on lease liabilities	8,966,391	9,198,294
Share of profit from equity accounted investees	(21,342,537)	(22,229,925)
Employees' benefits – defined benefit obligations	1,083,033	959,206
Profit from investment in financial instruments at FVTPL	(498,757)	(34,554)
Finance costs	13,495,365	10,607,751
Changes in:		
Receivables from operating leases	(27,932,034)	(10,981,046)
Prepayments and other assets	(2,789,356)	6,006,098
Related parties balances, net	(52,209)	13,070,938
Advances from lessees and deferred revenue	10,399,852	14,378,896
Accrued expenses and other liabilities	(6,195,020)	(1,516,718)
Dividends received from equity-accounted investees	17,500,000	16,250,000
	91,504,469	139,257,659
Employees' benefits – defined benefit obligation paid	(3,083,891)	(92,514)
Zakat paid	(6,773,343)	(5,281,262)
Net cash generated from operating activities	81,647,235	133,883,883
<u>Investing activities</u>		
Additions to property and equipment	(331,544)	(163,138)
Additions to investment properties	(38,458,004)	(4,448,824)
Purchase of investments in financial instruments at FVTPL	(80,000,000)	(19,970,966)
Proceeds from sale of investments in financial instruments at FVTPL	40,057,624	-
Additions to investments in equity accounted investee	-	(43,525,000)
Net cash used in investing activities	(78,731,924)	(68,107,928)
<u>Financing activities</u>		
Proceeds from Islamic finance facilities	30,317,560	42,677,500
Payment for Islamic finance facilities	(10,158,375)	(7,424,231)
Payment of lease liability on right-of-use assets	(12,445,000)	(12,445,000)
Dividends paid	(76,766,666)	(64,025,000)
Net cash used in financing activities	(69,052,481)	(41,216,731)
Net change in cash and cash equivalents during the period	(66,137,170)	24,559,224
Cash and cash equivalents at the beginning of the period	200,761,240	182,483,190
Cash and cash equivalents at closing of the period	134,624,070	207,042,414

Fawaz Abdulaziz bin-Huwail
Chief Financial Officer

Eng. Mashal Ibrahim Abuncef
Acting Chief Executive Officer

Dr. Abdulrahman Mohammed Albarak
Authorized board member

The notes 1 to 18 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 nine-month period ended 30 September 2022
(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 real estate properties for the benefit of the Company and based on its purposes.

The Extraordinary General Assembly on 25 August 2021 (corresponding to 17 Muharram 1443H) approved an increase in the share capital from SR 700,000,000 to SR 933,333,330 by transferring an amount of SR 220,000,000 and an amount of SR 13,333,330 from “Retained Earnings and Statutory Reserve account”, respectively. Accordingly, the Company’s share capital as at 31 December 2021 amounted to SR 933,333,330 dividend into 93,333,333 shares with a nominal value of SR 10 per share.

As at 30 September 2022, the Company’s share capital amounted to SR 933,333,330 divided into 93,333,333 shares with a nominal value of SR 10 per share.

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 interim condensed consolidated financial statements (the “Interim Financial Statements”) for the nine-month period ended 30 September 2022 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” that is 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 as at and for the year ended 31 December 2021.

These interim financial statements do not include all the information and disclosures required in the annual financial statements in accordance with requirements of IFRS endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”). However, these interim condensed consolidated 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.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the Interim Condensed Consolidated financial statements
(Unaudited)
For the nine-month period ended 30 September 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

2. BASIS OF MEASUREMENT (CONTINUED)

2.2 Basis of measurement

The interim financial statements have been prepared on a historical cost basis, except for investments in financial instruments at FVTPL and defined benefit obligation - employees' benefits which are measured at present value using the projected unit credit method.

As required by the Capital Market Authority ("CMA") through its circular dated 16th October 2016 the Group needs to apply the cost model to measure the property and equipment, investment property, and intangible assets upon adopting the IFRS for three years period starting from the IFRS adoption date.

On 31 December 2019, CMA has examined the suitability of continuing to use the cost model or permitting the use of the fair value model or revaluation options and has made the following decisions:

- Obligor listed companies to continue to use the cost model to measure Properties (IAS 16) and Investment Properties (IAS 40) in the financial statements prepared for financial periods within fiscal years, which start before the calendar year 2022; and
- Allowing listed companies, the policy choice to use the fair value model for investment property subsequent to initial measurement or the policy choice to use the revaluation model for property (IAS 16) subsequent to initial recognition in the financial statements prepared for financial periods within fiscal years starting during the calendar year 2022 or thereafter.

2.3 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 interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries listed below as of and for the period ended 30 September 2022:

<u>Subsidiary's name</u>	<u>Country of Incorporation</u>	<u>Shareholding</u>	
		<u>2022</u>	<u>2021</u>
AlAhli REIT Fund 1	Kingdom of Saudi Arabia	68,73%	68,73%
Manafea Al Andalus Company for Real Estate Development	Kingdom of Saudi Arabia	70%	70%

Details of subsidiaries are as follows:

1. AlAhli REIT Fund 1

AlAhli REIT Fund 1 was formed in accordance with Capital Market Authority dated 11 Rabi al-awwal 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:

<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 nine-month period ended 30 September 2022
(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 and managing real estates owned or leased (residential and nonresidential), commission- based properties management activities, real estate developments and investment activities.

The company owns the following property:

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

4 New and amended standards and interpretations

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations were issued for the first time in 2022, but these do not have an impact on the interim condensed consolidated financial statements of the Group.

5 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 of the investment properties
- Impairment loss on receivable against operating leases
- Impairment of and useful lives of property and equipment and investment properties

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

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the Interim Condensed Consolidated financial statements
(Unaudited)
For the nine-month period ended 30 September 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

6 INVESTMENT PROPERTIES

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<u>Cost:</u>		
Balance at the beginning of the period/ year	1,146,590,982	1,140,476,842
Additions during the period / year	38,458,004	6,114,140
Balance at the end of the period / year	<u>1,185,048,986</u>	<u>1,146,590,982</u>
<u>Accumulated depreciation and impairment:</u>		
Balance at the beginning of the period/year	(169,825,849)	(150,090,938)
Depreciation charged during the period / year	(16,088,749)	(21,683,695)
Reversal of impairment losses	-	1,948,784
Balance at the end of the period / year	<u>(185,914,598)</u>	<u>(169,825,849)</u>
Net book value	<u>999,134,388</u>	<u>976,765,133</u>

The Group has pledged Al-Andalus Mall that its net book value is SR 425.2 million as of 30 September 2022 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 2021. The fair values of the investment properties amounted to SR 1.8 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 evaluation was carried out by the external valuers accredited by the Saudi Authority for Accredited Values (TAQEEM). (ValuStart: TAQEEM record No. 1210001039), (Knight Frank: TAQEEM No. (1220001311)).

The management believes that the fair values of investment properties as at 30 September 2022 do not materially differ from the fair values determined as at 31 December 2021.

7 PROPERTY AND EQUIPMENT

As at 30 September 2022, the cost of property and equipment amounted to SR 210.9 million (31 December 2021: SR 210.6 million) and the accumulated depreciation amounted to SR 64.8 million (31 December 2021: SR 60.7 million).

The cost of properties includes Al-Andalus Mall Hotel that its net book value is SR 142.4 million as of 30 September 2022 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 nine-month period ended 30 September 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

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

	Country of Incorporation	Shareholding		30 September 2022	31 December 2021
		30 September 2022	31 December 2021	(Unaudited)	(Audited)
Alaswaq Almutatawerah Company	Kingdom of Saudi Arabia	50%	50%	104,923,634	106,350,675
Hayat Real Estate Company	Kingdom of Saudi Arabia	25%	25%	195,962,892	187,981,136
Soroooh Al Marakiz Company*	Kingdom of Saudi Arabia	25%	25%	48,967,369	49,182,906
West Jeddah Hospital Company *	Kingdom of Saudi Arabia	50%	50%	65,342,051	66,059,333
Al-Jawhra Al-Kubra Company *	Kingdom of Saudi Arabia	25%	25%	66,195,549	67,924,864
Massat Property Company *	Kingdom of Saudi Arabia	25%	25%	43,455,783	43,505,827
				<u>524,847,278</u>	<u>521,004,741</u>

* These companies have not commenced commercial operations yet.

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

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	521,004,741	481,482,965
Share of profit from equity accounted investees for the period/ year	21,342,537	27,246,776
Dividends received during the period/year	(17,500,000)	(31,250,000)
Additions in investments during the period/year	-	43,525,000
Balance at the end of the period / year	<u>524,847,278</u>	<u>521,004,741</u>

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

	For the nine-month period ended	
	30 September 2022	30 September 2021
	(Unaudited)	(Unaudited)
Alaswaq Almutatawerah Company	6,072,959	6,235,965
Hayat Real Estate Company	17,981,755	17,124,999
Soroooh Al Marakiz Company	(215,538)	(49,706)
West Jeddah Hospital Company	(717,280)	(835,572)
Al-Jawhra Al-Kubra Company	(1,729,315)	(245,761)
Massat Property Company	(50,044)	-
	<u>21,342,537</u>	<u>22,229,925</u>

The Companies' financial information as at and for the period ended 30 September 2022, is derived from management reports of the companies.

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9 CASH AND CASH EQUIVALENTS

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Cash at banks	<u>134,624,070</u>	<u>200,761,240</u>

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment at fair value through profit or loss comprises of the following:

	30 September 2022		31 December 2021	
	Cost	Fair value	Cost	Fair value
Yaqeen SAR Murabha Fund*	80,000,000	80,472,379	-	-
AlAhli Saudi Riyal Trade Fund **	-	-	40,000,000	40,031,246
	<u>80,000,000</u>	<u>80,472,379</u>	<u>40,000,000</u>	<u>40,031,246</u>

* These represent investments in Yaqeen SAR Murabha Fund (formerly "Falcom") with the amount of SR 80 million during the period, and their value as at 30 September 2022 amounted to SR 80,472,379.

** During February 2022, the Group has disposed the investment in AlAhli Saudi Riyal Trade Fund. As a result of this disposal, a profit of SR 26,378 is realized.

11 ISLAMIC FINANCE FACILITIES

During the previous years, the Group obtained 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 carries 5 years grace period during which only profit payments are required to be made while the principal amount is payable over 10 years on a quarterly basis.

The Group obtained during the period another Islamic finance facility of SR 30.3 million from Saudi National Bank.

The balance of facilities mentioned above is 589,045,213 as of 30 September 2022.

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.

	For the nine-month period ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Profit for the period	<u>53,295,840</u>	<u>57,553,238</u>
Weighted average number of outstanding ordinary shares*	<u>93,333,333</u>	<u>93,333,333</u>
Basic and diluted earnings per share (SR)	<u>0,57</u>	<u>0,62</u>

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12 EARNINGS PER SHARE (CONTINUED)

*The weighted average number of ordinary shares used in calculating basic and diluted EPS for 30 September 2021 has been adjusted as a result of issuing bonus share as the Company's share capital has been increased during the second half of the previous year.

The diluted earnings per share is equal to the basic earnings per share for the periods ended 30 September 2022 and 30 September 2021 as there are no instruments with lower impact on earnings per share.

13 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 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:

Related party name	Relationship	Nature of transaction	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Hayat Real Estate Company	Equity accounted investee	Payments made on behalf	16,899,458	9,969,534
Mohammad Alrajhi Company	Other related party	Payments made on behalf	-	1,655,205
Imtiaz Al Arabia Company	A company related to a board member	Lease income	1,467,100	1,574,500
Massat Property Company	Equity accounted investee	Payments made on behalf	-	174,094
GLOBAL HEALTHCARE COMPANY	A company related to a board member	Lease income	515,000	515,000
Pharmacies Beauty Fourth Company	A company related to a board member	Lease income	385,000	385,000
Key management and others	Other related party	Salaries and other benefits	4,504,772	4,526,463
Al-Ahli Capital	Fund manager of the subsidiary	Operating services	15,223,478	14,242,290

The details of balances with related parties are mentioned below:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Due from related parties		
Hayat Real Estate Company	1,984,345	1,170,741
Massat Property Company	174,094	174,094
	<u>2,158,439</u>	<u>1,344,835</u>
Due to related parties		
Mohammad Alrajhi Company	40,821	40,821
Al-Ahli Capital	15,208,460	14,447,065
	<u>15,249,281</u>	<u>14,487,886</u>

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14 REPORTING SEGMENTS

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).

	Retail and operation sector	Hospitality sector	Office sector	Other	Total
For the nine-month period ended 30 September 2022					
(Unaudited)					
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
Profit before Zakat	59,265,693	(3,422,797)	13,396,413	4,779,446	74,018,755
As at 30 September 2022 (Unaudited)					
Total assets	648,485,931	125,508,089	488,948,866	801,106,874	2,064,049,760
Total liabilities	212,783,808	-	589,045,213	28,636,138	830,465,159

For the nine-month period ended 30 September 2021					
(Unaudited)					
Revenue	116,409,014	7,665,582	34,269,862	-	158,344,458
Cost of revenue	(32,425,315)	(12,117,234)	(7,241,514)	-	(51,784,063)
Share of profit from equity accounted investees	-	-	-	22,229,925	22,229,925
Expenses	(23,033,802)	-	(10,607,751)	(18,197,989)	(51,839,542)
Other income	-	-	-	1,268,622	1,268,622
Profit before Zakat	60,949,897	(4,451,652)	16,420,597	5,300,558	78,219,400
As at 31 December 2021 -- audited					
Total assets	660,675,327	129,228,595	506,728,154	743,797,628	2,040,429,704
Total liabilities	269,437,145	-	512,498,983	17,850,157	799,786,285

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15 DETERMINATION OF FAIR 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 Group's objectives, policies and operations to manage these risks and methods used to measure them in addition to quantitative information related to these risks in the accompanying financial statements.

There were no significant changes that may expose the Group to financial instrument risks through its objectives, policies and operations to manage these risks and methods used that are different from what have been used in prior periods unless otherwise indicated.

Fair value of financial instruments

- The Group's management considers that the fair values of its financial instruments approximate to their carrying values because of the nature of the financial instruments.
- There were no transfers between level 1, 2 or 3 during the reporting period.

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

16 DIVIDENDS

According to the delegation from general assembly, On 10 March 2022, the Board of Directors decided to distribute interim dividends of SR 23,333,333 for the second half of 2021. On 24 August 2022, the Board of Directors decided to distribute interim dividends of SR 23,333,333 for the second half of the current year, and such dividends were paid on 23 March 2022 and 29 September 2022, respectively.

17 SUBSEQUENT EVENTS

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

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved for issuance by the Board of Directors on 9 Rabi' II 1444H (corresponding to 3 November 2022).