

## The Ordinary General Assembly (18<sup>th</sup>) First Meeting

### جدول أعمال الجمعية العامة العادية الثامنة عشر (الاجتماع الأول)

|    |   |  |    |
|----|---|--|----|
| 1  | Review and discuss on the Board of Directors' report for the fiscal year ending on 31/12/ 2023.   | الإطلاع على تقرير مجلس الإدارة للعام المالي المنتهي في 2023 / 12/31م. ومناقشته.  | 1  |
| 2  | Vote on the report of the Company's auditor for the fiscal year ending on 31/12/ 2023.after discussing.   | التصويت على تقرير مراجع حسابات الشركة للعام المالي المنتهي في 12/31/ 2023م بعد مناقشته.  | 2  |
| 3  | Review and discuss on the consolidated financial statements for the fiscal year ending on 31/12/ 2023.  | الإطلاع على القوائم المالية الموحدة للعام المالي المنتهي في 2023/12/31م. ومناقشتها   | 3  |
| 4  | Vote on discharging the board members from liability for the fiscal year ending on 31/12/ 2023.   | التصويت على إبراء ذمة أعضاء مجلس الإدارة عن العام المالي المنتهي في 2023/12/31.  | 4  |
| 5  | Vote on the appointment of the Company's auditor from among the candidates, based on the Audit Committee's recommendation, to examine, review and audit the financial statements for Q2, Q3, annual statements for the fiscal year 2024, and Q1 of 2025, and determining their fees.  | التصويت على تعيين مراجع حسابات الشركة من بين المرشحين بناء على توصية لجنة المراجعة وذلك لفحص ومراجعة وتدقيق القوائم المالية للربع الثاني والثالث والسنوية من العام المالي 2024م والربع الأول لعام 2025م وتحديد أتعابه.   | 5  |
| 6  | Vote on payment of SAR 2,590,000 as bonus to the board of directors for the fiscal year ending on 31/12/ 2023.  | التصويت على صرف مبلغ (2,590,000) ريال كمكافأة لأعضاء مجلس الإدارة عن العام المالي المنتهي في 2023 / 12/31م.  | 6  |
| 7  | Vote on delegating the Board of Directors with the powers of the Ordinary General Assembly with the authorization contained in Paragraph (1) of Article 27 of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of the session of the delegated Board of Directors, whichever is earlier, in accordance with the conditions stipulated in the executive regulations. The corporate system for listed joint stock companies.  | التصويت على تفويض مجلس الإدارة بصلاحيات الجمعية العامة العادية بالترخيص الوارد في الفقرة (1) من المادة السابعة والعشرون من نظام الشركات، وذلك لمدة عام من تاريخ موافقة الجمعية العامة أو حتى نهاية دورة مجلس الإدارة المفوض أيهما أسبق، وفقاً للشروط الواردة في اللائحة التنفيذية لنظام الشركات الخاصة بشركات المساهمة المدرجة.  | 7  |
| 8  | Vote on delegating the Board of Directors with the powers of the Ordinary General Assembly with the authorization contained in Paragraph (2) of Article 27 of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of the session of the delegated Board of Directors, whichever is earlier, in accordance with the conditions stipulated in the executive regulations. The corporate system for listed joint stock companies. And related to the activity of real estate development, building and construction, real estate, and leasing. | التصويت على تفويض مجلس الإدارة بصلاحيات الجمعية العامة العادية بالترخيص الوارد في الفقرة (2) من المادة السابعة والعشرون من نظام الشركات، وذلك لمدة عام من تاريخ موافقة الجمعية العامة أو حتى نهاية دورة مجلس الإدارة المفوض أيهما أسبق، وفقاً للشروط الواردة في اللائحة التنفيذية لنظام الشركات الخاصة بشركات المساهمة المدرجة والمتعلقة بنشاط التطوير العقاري والبناء، والتشييد، والعقارات، والتأجير. | 8  |
| 9  | Voting on amending the Remuneration Policy for Members of the Board, its committees, and the Executive Management. (attached)   | التصويت على تعديل سياسة مكافآت أعضاء مجلس الإدارة واللجان المنبثقة عنه والإدارة التنفيذية. (مرفق)  | 9  |
| 10 | Voting on amending the policy, criteria and procedures for membership in the Board of Directors (attached).   | التصويت على تعديل سياسة ومعايير وإجراءات العضوية في مجلس الإدارة. (مرفق).  | 10 |
| 11 | Voting on the Social Liability Policy, (attached).  | التصويت على سياسة المسؤولية الاجتماعية (مرفق).   | 11 |

# External Audit Report





## KPMG Professional Services

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Kingdom of Saudi Arabia  
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

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

## Opinion

We have audited the consolidated financial statements of **Al-Andalus Property Company** (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) (the "Code") that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# Independent Auditor's Report (continued)

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

## Key audit matters (continued)

### Investment properties

Note (8) to the consolidated financial statements.

| Key audit matter   | How the matter was addressed in our audit   |
|--|---|
| <p>As at 31 December 2023, the investment properties are stated at cost less accumulated depreciation and impairment losses (if any). The carrying amount of these investment properties amounted to SR 1.25 billion and their fair value at that date amounted to SR 2.2 billion. The Group assessed the fair value of investment properties in collaboration with independent real estate valuation experts, as well as disclosed the fair value of investment properties in the notes accompanying the consolidated financial statements.</p> <p>The Group conducts an annual assessment to verify the existence of any indicators of impairment of investment properties. If any impairment indicator exists, the Group estimates the recoverable amount.</p> <p>We considered assessing the existence of impairment in investment properties and estimating its recoverable amount – including estimating of the fair value - as a key audit matter since that requires significant assumptions and judgments that could result in material misstatements of the calculation of impairment losses (if any) and also misstatements with regard to the disclosure of the fair values of the investment properties in the consolidated financial statements.</p> | <p>Our audit procedures, included among others:</p> <ul style="list-style-type: none"><li>- Obtained management estimates regarding the existence of indicators of impairment of investment properties and the mechanism used if there is an indication of impairment of investment properties.</li><li>- Assessed and agreeing observable inputs used in the valuations, such as rental income, occupancy rates and lease lengths back to lease agreements for a sample of properties.</li><li>- Measured the recoverable amount to determine whether the recognition of impairment losses is required.</li><li>- Communicated with the independent real estate valuation experts "management expert" to understand the assumptions and the approach used in valuing the investment properties and the market evidence used by the valuer to support the assumptions used and communicating with our specialists.</li><li>- Assessed the independence of the Group's independent real estate valuation experts "management expert" and their professional qualifications and their accreditation by the Saudi Authority for Accredited Values (TAQEEM).</li><li>- Involved our specialists to assess the key assumptions used by the real estate valuation experts "management expert" in estimating the fair value of the investment properties.</li><li>- Assessed the adequacy of the disclosures in the consolidated financial statements.</li></ul> |



## Independent Auditor's Report (continued)

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

### Key audit matters (continued)

#### Revenue recognition

Note (24) to the consolidated financial statements.

| Key audit matter   | How the matter was addressed in our audit   |
|--|---|
| <p>During the year ended 31 December 2023, the Group recognized a total revenue amounted of SR 215.1 million.</p> <p>The Group revenue primarily consists of rental income arising from lease contracts.</p> <p>Revenue recognition is considered as a key audit matter since revenue is considered a key indicator of performance measurement and there is an inherent risk that revenue may be overstated resulting from the pressure management may face to achieve performance measurement indicators and without achieving revenue recognition requirements as per requirements of IFRS Accounting Standards.</p> | <p>Our audit procedures, included among others:</p> <ul style="list-style-type: none"><li>- Assessed the accounting policies used to recognize revenue by considering the requirements of the relevant accounting standards,</li><li>- Assessed the design and implementation, and testing the operating effectiveness of relevant controls during the year.</li><li>- Tested revenue recognized during the year to assess its alignment with the relevant accounting standard on Group's revenue recognition and in accordance with terms of the lease contracts.</li><li>- Tested a sample of journal entries posted to revenue account to identify any unusual entries.</li><li>- Performed the accuracy assessment procedures to assess that revenue is recognized in the correct period.</li><li>- Assessed the adequacy of the disclosures in the consolidated financial statements taking into account the nature, amount, and timing of recognition of revenue arising from contracts with customers.</li></ul> |



## Independent Auditor's Report (continued)

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

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., Board of Directors, are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) as endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditor's Report (continued)

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Al-Andalus Property Company** ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### KPMG Professional Services

  
**Khalil Ibrahim Al Sedais**  
License Number: 371

Riyadh, 25 Sha'ban 1445H  
Corresponding to: 6 March 2024



**Audit Committee Report for General  
Assembly for the Financial year ending on 31  
Dec 2023**





## Annual Audit Committee Report – 2023

### To Shareholders of Al-Andalus Real Estate Company

The Audit Committee is pleased to submit its annual report for the financial year ending on December 31, 2023, in accordance with the controls regulating the nature of the committee's work and in accordance with the relevant laws and regulations, which includes a report on its opinion regarding the adequacy of the company's internal control system and what the audit committee did in terms of intervention Within the scope of its competence, it is worth noting that the committee held (6) meetings during the year 2023.

#### ❖ Summary of Work

##### 1. Financial Reporting

- The AC reviewed the initial and annual financial statements of the company before submitting them to the Board of Directors, expressing opinion about them and recommending them.
- The AC provided a technical opinion on whether the report of the Board of Directors and the financial statements of the company are fair, balanced, and understandable, and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
- The AC reviewed the accounting policies, estimates and the zakat position, and express opinion and recommendation to the Board of Directors regarding them.

##### 2. Internal Audit

- The AC reviewed and discussed the internal audit reports, follow up on the implementation of its recommendations, and review the adequacy of the internal control systems.
- The AC reviewed and discussed the quarterly corrective actions follow-up reports, and the annual report on the work of the internal audit department.
- The AC verified the independence of the internal audit department and the effectiveness of the audit work, in line with the relevant standards.

##### 3. External Audit

- The AC reviewed Study the company's auditor's plan, scope and follow up on its implementation.
- The AC verified the independence and objectivity of the auditor and the effectiveness of the audit process, considering the relevant professional and regulatory requirements.
- The AC reviewed the auditor's notes on the company's financial statements and follow up on what has been done with the executive management.

##### 4. Compliance

- Verify the company's compliance with the relevant laws, regulations, policies and instructions, and the rules and standards of corporate governance.

#### ❖ AC Opinion

In light of the aforementioned scope of work and based on the periodic reports submitted by the internal audit department, the external auditor, the executive management of the company and the management's assurances about the integrity of the company's control system, the audit committee did not discover any material matters of significant impact that may require disclosure of the financial year Ending on December 31, 2023.

We also, point out that it is not possible to absolutely ensure the comprehensiveness of the review and assessment processes that are carried out for internal control procedures, because the audit process is based on random samples. In addition to the diversification of the company's operations. However, the development and improvement processes are continuing by the committee and regulatory departments to ensure the effectiveness and efficiency of the follow-up mechanism and to improve internal control processes and procedures.

On behalf of the Audit Committee

**The Audit Committee Chairman**

Dr. Abdulrahman Bin Mohammed Al-Barrak

April 16, 2024, Riyadh

## Nominating external auditors



**The Audit Committee's decision in pass No. 13 / T / 2024**

**Regarding nominating external auditors to audit the company's accounts**

**Sunday 05 Shawwal 1445 AH corresponding to 14 April 2024 AD**

The audit committee of Al-Andalus Property Company deliberated its decision regarding nominating external auditors to audit the company's accounts for the fiscal year ending on December 31, 2024 AD, and the first quarter of the year 2025 AD and determined its fees, and after the audit committee studied the evaluation report of the bids received and reviewed by a committee designated for this purpose in The company, the best offers received were identified as follows:

| # | Name of candidate accounting firm | Value SR  | Fees include                            |
|---|-----------------------------------|-----------|---|
| 1 | Al Fozan & Partners KPMG          | 705.000   | Review the annual and quarterly lists * |
| 2 | PWC                               | 1.250.000 | Review the annual and quarterly lists * |

Based on Article (78) of the Corporate Governance Regulations issued by the Capital Market Authority, the Audit Committee recommends to the Board of Directors to take the decision to nominate the above auditors to the General Assembly to select one of them and determine its fees.

Chairman of the committee

Mr. Omar bin Hamad Al-Mishaal

Committee Member

Mr. Saleh bin Abdullah Al Yahya

Secretary of the Committee

Mr. Abdulrahman bin Abdulaziz Alshaye

Committee Member

Mr. Fahd bin Ahmed Al-Humaidi

