



AQARAT  
عقارات

2025  
ANNUAL REPORT



شركة عقارات الكويت ش.م.ك.ع  
Kuwait Real Estate Company K.P.S.C.

Established in 1972  
Authorized Capital KD 122,412,828.500 K.D

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**H.H. Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah**  
AMIR OF KUWAIT



**H.H. Sabah Al-Khaled Al-Hamad Al-Sabah**  
CROWN PRINCE OF KUWAIT

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**501 Residence**  
Miami  
USA

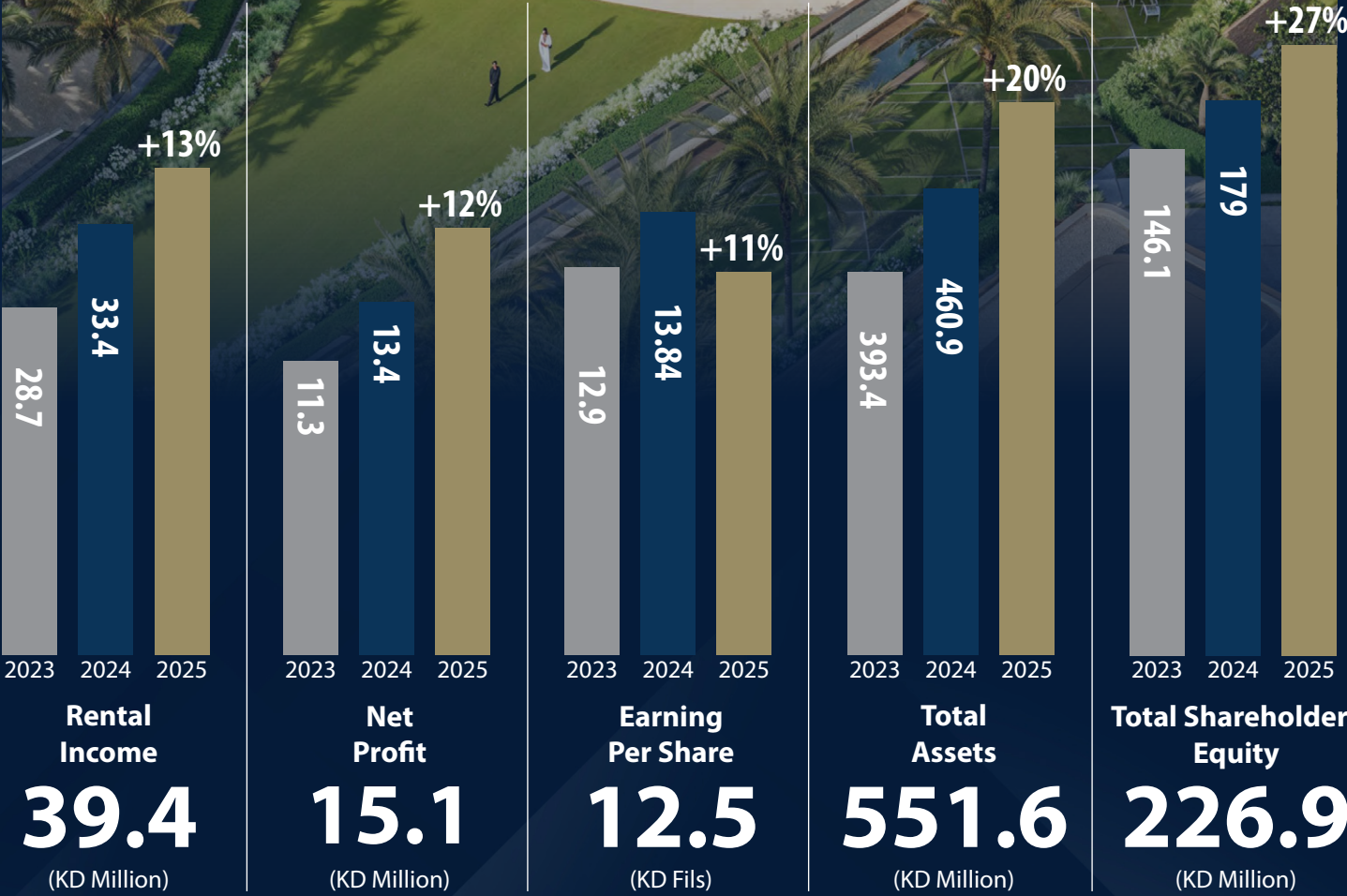
## About Us

Kuwait Real Estate Company (AQARAT) is a leading integrated Real Estate developer, operator and investor. AQARAT'S portfolios consists of notable projects in the premium residential, integrated corporate housing, commercial and hospitality sectors.

AQARAT has significant presence in the Middle East, Europe, and America.

As pioneers in developing mixed-use assets, integrated communities and luxurious hospitality assets, we continue to grow while leaving an enduring legacy of excellence in every project we build.





# 2025 Highlights



# Snapshot and Presence



**1972**

Established

**1**

1<sup>st</sup> real estate company listed in Boursa Kuwait

FY'25  
**\$ 1.79**

Billion  
Total Assets

**2021**

Promoted to premier market boursa

FY'25  
**\$ 128.6**

Million  
in revenue

as of Dec 31, 2025

**\$ 1.53**

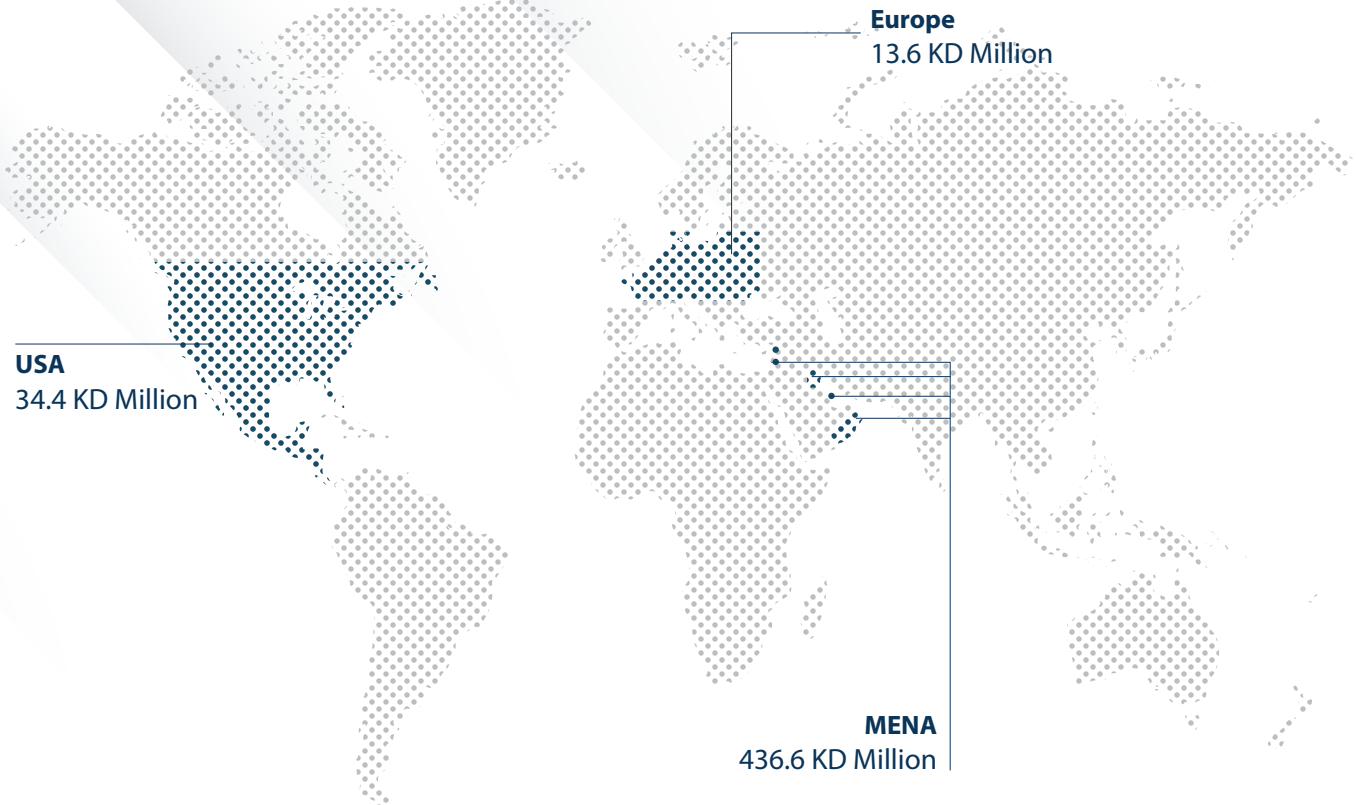
Billion  
in Market Cap

## ASSETS VALUE

**USA**  
34.4 KD Million

**Europe**  
13.6 KD Million

**MENA**  
436.6 KD Million



# Board Members



**Ibrahim Saleh Al Therban**  
Chairman



**Talal Jassim Al Bahar**  
Vice Chairman and CEO



**Marzouq Jassim Al Bahar**  
Board Member



**Ahmad Faisal Al Qatami**  
Board Member



**Mishari Abdullah Al Dakhil**  
Board Member



**Naser Abdullatif Al-Manea**  
Board Member



**Mohammad Issam Al Bahar**  
Board Member



**Khaled Saeed Esbaita**  
Board Member

# Executive Management



**Talal Jassim Al Bahar**  
Vice Chairman and CEO



**Fahad Husam Al-Shamlan**  
Vice President  
Investments & Acquisitions



**Awrad M. Al Enezi**  
Vice President  
Investor Relations



**Naser Mohammed Al-Bader**  
Vice President  
Facilities Management



**Maher S. Khalaf**  
Vice President  
Finance



**Bader Jassim Al Hajeri**  
Vice President  
Property Management



**AbdulAziz AbdulRazzaq Al-Meajel**  
Vice President  
Real Estate Development



**Naji S. Abou Malek**  
Vice President  
IT Department



**Mohammed Nouri Al-Hamad**  
Vice President  
Human Resources and  
Administration

# Chairman and Vice Chairman's Message



## Dear Shareholders,

We are pleased to present to you the Annual Report of Kuwait Real Estate Company for the year 2025. A year in which the Company further strengthened its position as one of the leading players in the real estate investment and development sector locally, regionally and internationally. It was also a year marked by significant milestones that represent an important strategic phase in the Company's journey spanning more than five decades.

The year 2025 represented a pivotal period characterized by disciplined execution, strategic agility, and a strong commitment to achieving the Company's institutional objectives. Despite the challenges posed by the global economic environment and fluctuations in regional markets, Kuwait Real Estate Company maintained its performance momentum and continued to deliver steady progress, reflecting the successful implementation of its long-term strategy focused on building a balanced asset portfolio that combines operational stability with sustainable growth opportunities.

The Company's efforts during the year culminated in a major strategic achievement represented by the successful closing of its capital increase, which achieved record subscription coverage exceeding 20 times the shares offered, reflecting strong investor confidence in the Company's future direction.

This achievement, coupled with progress in project execution, the achievement of key development milestones, and improved profitability across the Company's assets and investments, has supported overall performance and driven positive growth. These results are aligned with the Company's vision to deliver sustainable returns, enhance shareholder value, and further strengthen its position as a leading real estate company.

In parallel, the Company continued to make tangible progress across its key development projects, while enhancing the operational efficiency of its income-generating assets and effectively managing its diversified international investment portfolio, thereby maximizing value and returns. The Company remains committed to developing high-quality real estate assets, achieving sustainable growth, and creating long-term value for shareholders and stakeholders across Kuwait, the United Arab Emirates, and the United States of America.



## Financial Performance

The Company delivered strong financial performance in 2025, reporting a net profit of KD 15.1 million, equivalent to (12.53 fils per share), compared to KD 13.4 million (11.28 fils per share) in 2024, representing a growth of 12.4%. This performance reflects the Company's ability to achieve sustainable growth and enhance profitability despite the economic challenges experienced across markets.

Revenue also recorded notable growth of 13.1%, reaching KD 39.4 million in 2025 compared to KD 34.9 million in the previous year. This increase was driven by improved operational performance across the Company's asset and the continued execution of its strategy to diversify income streams and maximize returns.

From a financial position perspective, total assets increased by 19.7% to KD 551.6 million as of year-end 2025, compared to KD 460.9 million in 2024. This growth was supported by the growth of the Company's investment properties, which reached KD 269.9 million. Total equity also rose to KD 226.9 million, compared to KD 179.1 million in the previous year, reflecting the Company's strong financial position and its ability to confidently and sustainably execute its expansion strategy.

In light of these positive results and the Company's continued financial growth, the Board of Directors has recommended to the General Assembly the distribution of a 6% bonus share. This reflects the Board's ongoing commitment to delivering sustainable value for shareholders while enabling them to benefit from the Company's continued growth.

## Operational Performance

During 2025, the Company continued to develop and expand its real estate portfolio through the execution of several strategic projects aligned with its long-term vision. This has contributed to strengthening its growth trajectory and reinforcing its presence across the markets in which it operates. The disciplined execution of its operational strategy has also enabled the Company to deliver sustainable performance and enhance long-term value for its shareholders.

This continued expansion reflects the Company's clear strategic direction, operational excellence, and prudent capital management, further strengthening its position and enhancing its competitiveness in the market.





## KUWAIT

Locally, Kuwait Real Estate Company maintained stable operational performance across its portfolio of income-generating assets, supported by improved occupancy rates and higher revenue levels, reflecting the strength of its operations and the efficiency of its asset management approach.

### Sabhan Labour Housing

The Company's commitment to improving institutional and industrial workforce accommodation standards is demonstrated through the steady progress achieved in the Sabhan Labour Housing project. Spanning approximately 40,000 sqm, the development has been designed in line with modern standards to provide a fully integrated living environment that meets the needs of the industrial workforce. During the year, steady progress was achieved through effective site management and construction enhancements that increased capacity, while maintaining adherence to approved plans and the highest quality standards. The project continues to progress in line with its approved timeline, with key phases completed during the year and full completion expected in 2026.

### Arabella

The Arabella Complex continued to strengthen its position as one of Kuwait's integrated mixed-use destinations, driven by strong performance that reflects the quality of its assets and operational components. At the heart of this success is the Arabella Beach Hotel, a five-star property operated through a successful strategic partnership under the Vignette Collection brand of IHG Hotels and Resorts.

During the year, the hotel maintained its standing within the luxury hospitality segment, benefiting from its high-quality services, premium facilities, and prime waterfront location. This has supported strong demand and high levels of guest satisfaction, further reinforcing its competitive position in the market.

The Company remains focused on maximizing the long-term value of this key asset by leveraging its distinctive coastal location and strengthening its presence within the global IHG network, supporting sustainable performance and its contribution to elevating the hospitality sector in Kuwait.

## UNITED ARAB EMIRATES

The real estate and hospitality markets in the United Arab Emirates continued to demonstrate strong performance in 2025, serving as key drivers of growth, supported by rapid population growth and ongoing government initiatives that stimulate economic activity. In this context, the Company's diversified portfolio in the UAE demonstrated its ability to capitalize on this momentum, with a strategic focus on luxury residential developments, staff accommodation, and the hospitality sector contributing to sustainable year-on-year growth.

### Al Tay Hills

In January 2025, Kuwait Real Estate Company launched its first development in the Emirate of Sharjah under the name Al Tay Hills, which witnessed strong demand, reflecting the robust appetite for residential units in the emirate. The project spans over 6 million square feet and comprises approximately 1,100 villas and townhouses of varying designs and layouts, within an integrated residential community that balances quality of life with expansive green and open spaces. Approximately 99% of the units have been sold.

During the year, infrastructure works were awarded to a local engineering contractor, marking the commencement of the main development phase. Construction activities have progressed steadily, with surface infrastructure works advancing in line with the approved timeline. In addition, the adoption of precast construction methods for villa structures has further enhanced efficiency and accelerated the pace of delivery.



Building on the success of Al Tay Hills, the Company further strengthened its presence in the UAE market through the acquisition of land in the Emirate of Sharjah by an associate company, in partnership with strategic partners. This acquisition paves the way for the development of a new investment project, supporting the Company's regional expansion strategy and portfolio diversification.

### Domus

The Domus staff accommodation portfolio reflects a forward-looking model that highlights the success of the Company's strategy in delivering specialized residential solutions that address the growing demand for high-quality corporate housing in Dubai. During 2025, the Domus portfolio continued to perform strongly, with earlier phases maintaining high occupancy levels, while Domus 5 progressed beyond 70% completion, alongside ongoing finishing works, with completion expected in 2026.

At the Domus Fund level, the Company continued to align its strategic direction with evolving demographic trends in the market, driven by increasing corporate demand for integrated staff housing solutions. In this context, feasibility studies were approved to introduce a "Co-Living" concept within future developments, laying the foundation for the next generation of the Domus brand and further strengthening its position within this specialized segment.

### UNITED STATES OF AMERICA

Our U.S. portfolio continued to demonstrate resilience and strong underlying performance during 2025, supported by disciplined asset management and selective capital deployment across key markets.

Within hospitality, our assets maintained stable and healthy operating performance, reflecting the strength of demand fundamentals and consistent execution across our platform.

During the year, we successfully completed and handed over **501 First Residences** in Miami, marking a key milestone and reinforcing our ability to deliver and exit development assets in line with our strategy.

At the same time, we continued to advance our **Real Estate Opportunity Fund** where we are actively building a diversified pipeline of value-accretive investments. In this context, we are progressing a new development opportunity in Savannah, Georgia, targeting the development of a single-family residential portfolio, which is expected to deliver attractive returns and further strengthen our exposure to high-growth residential segments in the U.S.

This approach reflects our broader strategy of combining stable income-generating assets with selective, high-return opportunities, allowing us to enhance portfolio performance while maintaining disciplined risk management.

As we enter 2026, we remain focused on delivering sustainable, long-term value to our shareholders and stakeholders by fostering a culture of innovation and leadership, while strengthening our ability to adapt to an evolving business environment.

We also reaffirm our commitment to the highest standards of governance, ethical practices, and corporate responsibility, further reinforcing Kuwait Real Estate Company's position as a trusted and resilient organization with a clear and confident outlook for the future.

We extend our sincere appreciation for your continued trust and support, and we look forward to building on our achievements together and delivering further success in the years ahead.

**Ibrahim S. Al Therban**  
Chairman

**Talal Jassim Al-Bahar**  
Vice Chairman & CEO



# Sustainability & CSR

**Al Tay Hills**  
Sharjah, UAE



AQARAT’s ESG strategy focuses on creating long-term value through responsible investment, value-driven asset management, and sustainable operational practices. ESG considerations are integrated across the Company’s real estate activities, supporting operational efficiency, risk management, regulatory alignment, and long-term portfolio performance.

The Company applies a structured approach to stakeholder engagement and materiality assessment to identify and prioritize key sustainability topics relevant to its business and stakeholders. AQARAT also aligns its sustainability approach with Kuwait Vision 2035 and the United Nations Sustainable Development Goals (SDGs), supporting sustainable urban development, economic diversification, environmental responsibility, and community wellbeing across its key markets.



### Environmental Responsibility

#### Operating Assets Efficiently

AQARAT’s environmental efforts focus on asset-level improvements that enhance operational efficiency, optimize resource use, and support better long-term building performance. Across selected assets, the Company implements various measures covering energy management, water efficiency, waste handling, preventive maintenance, and recognized building standards.

“AQARAT’s ESG strategy focuses on creating long-term value through responsible investment”



### Key Environmental Initiatives

Focus Area	Sustainability Initiatives	Value Created
<b>Energy Efficiency</b>	LED lighting, motion sensors, smart controls, optimized lighting systems, solar-powered lighting	Reduced energy consumption and improved operational efficiency
<b>Building Management Systems</b>	Centralized HVAC systems, remote monitoring, room management technologies	Improved building performance and operational control
<b>Water Efficiency</b>	Low-flow fixtures, condensate water recovery	Reduced water consumption and improved resource efficiency
<b>Waste and Resource Management</b>	Waste segregation, recycling systems, controlled material usage	Improved waste handling and resource management
<b>Health, Safety and Maintenance</b>	Preventive maintenance, inspections, risk assessments, emergency drills	Safer operations and improved asset reliability
<b>Green Building Standards and Certifications</b>	LEED-certified practices and ISO-aligned management systems	Stronger environmental governance and long-term asset performance

### Asset Spotlight: YOTEL Miami

#### Smart Hospitality, Resource Efficiency, and Local Engagement

YOTEL Miami integrates sustainability into its operations through energy management, water conservation, waste management, and community engagement initiatives. Key operational measures include lighting sensors, optimized lighting schedules, centralized HVAC controls, reduced water-fill fixtures, waste segregation systems, and controlled resource management practices aimed at improving operational efficiency and reducing unnecessary consumption.

Beyond operational initiatives, the property also collaborates with local institutions and authorities on community improvement, urban redevelopment, and neighborhood engagement initiatives within the surrounding Miami area.





**Asset Spotlight: Th8**

**Sustainable Hospitality with Premium Guest Experience**

Th8 combines luxury hospitality with sustainability-focused building management. Energy initiatives include LED lighting, motion sensors, smart room controls, and solar-powered outdoor lighting. Water measures include low-flow fixtures, condensate water recovery, and automated irrigation controls.



**LEED Gold Certifications: Souk Al-Kuwait and Souk Al-Kabeer**

Souk Al-Kuwait and Souk Al-Kabeer achieved LEED Gold certification under the Building Operations and Maintenance framework, reflecting the implementation of structured practices focused on energy efficiency, water management, operational performance, and sustainable building operations.





## Social Value

### Investing in People and Communities

AQARAT's social value is built around human capital development, workplace wellbeing, safe operations, and community investment. The Company's Human Capital framework governs workforce planning, recruitment, performance management, training, compensation, and employee relations, supporting consistency in how employees are managed and developed.

### Key Social Initiatives

Focus Area	Sustainability Initiatives	Value Created
<b>Human Capital Development</b>	Workforce planning, merit-based recruitment, performance management, training, career progression	Stronger organizational capability and workforce readiness
<b>Employee Wellbeing</b>	Structured workplace policies, grievance channels, leave and working-hour frameworks, wellbeing practices	More stable, and balanced work environment
<b>Health and Safety</b>	Hazard identification, risk assessments, PPE training, emergency preparedness, inspections and audits	Safer environments for employees, contractors, tenants, and visitors
<b>Community Investment</b>	Contributions to INJAZ Kuwait, Bayt Ab-dullah Children's Hospice, Kuwait Heart Foundation, Ramadan Iftar campaign, health screenings, inclusive public activations	Local social impact across education, healthcare, inclusion, and community wellbeing

### Social Impact in Numbers



≈ **4%** Annual  
Workforce  
Growth



≈ **25%** Female  
Representation



≈ **30%** Kuwaiti  
Representation



**10** Focused-  
CSR Projects  
Implemented in  
2025



KWD **41,000+**  
Charitable  
Donations and  
Sponsorships

### Robust Governance

AQARAT maintained its focus on governance, compliance, ethical business practices, operational accountability, and information security across its operations. The Company applies structured policies, internal controls, and internationally recognized management systems to support regulatory alignment, risk management, operational consistency, and continuous improvement across selected functions and assets.

### Operational and Management Certifications

- **ISO 9001:2015** - Quality Management
- **ISO 14001:2015** - Environmental Management
- **ISO 45001:2018** - Occupational Health and Safety
- **ISO/IEC 27001** - Information Security Management
- **ISO/IEC 20000-1** - IT Service Management

# Key Properties

Kuwait



**Souq Al Kuwait**



**Arabella Beach Hotel**



**Pearl Marzouq**



**Souq AL Kaber**

# Key Properties

Mena



**Al Tay Hills - Sharjah, UAE**



**Th8 Hotel - Dubai, UAE**



**Domus Staff Housing - Dubai, UAE**



**Al Abadiyah Hills - Lebanon**

# Key Properties

USA & Europe



Yotel Hotel - New York, USA



Atlantic Station Flats - Georgia, USA



501 Residence - Miami, USA



Courtyard by Marriot - Hamburg, Germany



# Corporate Governance Report

944-Market-St  
San-Francisco, USA



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## Kuwait Real Estate Company

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We present to you the Annual Corporate Governance Report of Kuwait Real Estate Company, which outlines the Company's adoption of the corporate governance rules issued by the Capital Markets Authority of the State of Kuwait.

Through its decisions and ongoing activities, the Board of Directors of Kuwait Real Estate Company (the "Company") strives to safeguard the interests of shareholders, customers, and all stakeholders. The Board is committed to establishing the highest standards and best practices in sound corporate governance and oversees the implementation of internal control systems in accordance with leading practices.

The Board also seeks to strengthen trust in the Company's management of its various resources by preserving, developing, and managing them prudently. It works to protect related parties and ensure adherence to the Company's approved policies and procedures in this regard. The Board supervises these processes and ensures full and transparent disclosure to shareholders with clarity.

Corporate governance is the system through which the Company's business is directed, managed, and monitored at the highest level. It enhances the Company's ability to achieve its long-term strategic objectives through adherence to internal policies and procedures, as well as compliance with legal and regulatory requirements.

The Board of Directors believes that adopting an effective and appropriate governance framework is a fundamental pillar for the integrity of the Company's operations and for strengthening investor confidence. Accordingly, the Board continuously works to enhance the efficiency and effectiveness of the governance framework through regular oversight and evaluation of the performance of its committees.

During the financial year ended 31 December 2025, the Company complied with all corporate governance regulations and requirements issued by the Capital Markets Authority of the State of Kuwait. The Company's philosophy is based on achieving the highest standards of responsibility, transparency, and integrity in managing its operations, with full compliance with all applicable laws and regulations.

The Company has also adopted a set of policies and best practices that enhance transparency and disclosure, ensuring the provision of accurate and timely information regarding its financial results, operational performance, organizational structure, and governance framework.



## Kuwait Real Estate Company

### First Rule: Establishing a Balanced Board Structure

#### • Overview of Board Composition

The Board of Directors of Kuwait Real Estate Company consists of eight (8) members. Below is an overview of the Board members:

Name	Member Classification (Executive/Non-Executive/ Independent. Secretary) June	Academic Degree & Work Experience	Date of Election/ Appointment of Secretary
<b>Ibrahim Saleh Al-Therban</b>	Chairman of the Board (Non-Executive Member)	<b>Bachelor of Commerce – Accounting.</b> 50 years of experience in banking, investment, real estate, and financial institutions.	June 1,2024
<b>Talal Jassim Al-Bahar</b>	Vice Chairman & CEO (Executive Member)	<b>Bachelor of Business Administration.</b> 21 years of experience in the investment and real estate development sector.	June 1,2024
<b>Marzouq Jassim Al-Bahar</b>	Member of the Board (Non-Executive Member)	<b>Bachelor of Business Administration.</b> 14 years of experience in marketing, development, and business management.	June 1,2024
<b>Ahmad Faisal Al-Qatami</b>	Independent member	<b>Bachelor of Business Administration.</b> 24 years of experience in the financial and banking sector.	June 1,2024
<b>Meshari Abdullah Al-Dakhil</b>	Independent member	<b>Bachelor of Business Administration – Major in Finance.</b> 29 years of experience in finance, investment, and business management.	June 1,2024
<b>Naser Abdullatif Al-Manea</b>	Member of the Board (Non-Executive Member)	<b>Bachelor's degree in Finance and Financial Institutions.</b> 23 years of experience in finance, investments, and business management.	June 1,2024
<b>Mohammad Issam Al-Bahar</b>	Member of the Board (Non-Executive Member)	<b>Bachelor of Business Administration.</b> 14 years of experience in management and development.	June 1,2024
<b>Khaled Saeed Esbaita</b>	Member of the Board (Non-Executive Member)	<b>Postgraduate qualification in Architecture and a Bachelor's degree in Architecture.</b> 29 years of experience in the real estate sector.	June 1,2024
<b>Amal Mohammad Al-Ashab</b>	Board Secretary	<b>Bachelor of Administrative Sciences – Major in Finance and Banking.</b> 29 years of experience in administrative roles with executive management.	June 1,2024



Kuwait Real Estate Company

**Board of Directors Meetings – During 2025**

The Board of Directors of Kuwait Real Estate Company held six (6) meetings during the year 2025. The table below outlines the details of these meetings, including the attendance of each Board member:

Name of member	Meeting No. 01/2025 held on 26.03.2025	Meeting No. 02/2025 held on 14.05.2025	Meeting No. 03/2025 held on 18.06.2025	Meeting No. 04/2025 held on 14.08.2025	Meeting No. 05/2025 held on 13.11.2025	Meeting No. 06/2025 held on 24.12.2025
Ibrahim Saleh Al-Therban	✓	✓	✓	✓	✓	✓
Talal Jassim Al-Bahar	✓	✓	✓	✓	✓	✓
Marzouq Jassim Al-Bahar	✓	✓	✓	✓	✓	✓
Ahmad Faisal Al-Qatami	✓	✓	✓	✓	✓	✓
Meshari Abdullah Al Dakhil	✓	✓	✓	✓	✓	✓
Naser Abdullatif Al-Manea	✓	✓	✓	✓	✓	✓
Mohammad Issam Al-Bahar	✓	✓	✓	✓		✓
Khaled Saeed Esbaita	✓	✓	✓	✓	✓	✓
Amal Mohammad Al Ashab	✓	✓	✓	✓	✓	✓

**Mechanism for Implementing Requirements for Registration, Coordination, and Documentation of Board of Directors’ Meeting Minutes**

The Board Secretary maintains a dedicated register that includes the minutes of the Board of Directors’ meetings, as well as separate registers for the minutes of meetings of the committees emanating from the Board. Each register contains details of the meeting agenda, date, venue, and the start and end times of each meeting. Meetings are recorded sequentially and assigned a number throughout the year. In addition, dedicated files are maintained to archive meeting minutes along with all related discussions and deliberations.

Members of the Board and its committees are provided with the meeting agenda, supported by relevant documentation, well in advance to allow sufficient time for review and consideration of all agenda items. Meeting minutes are signed by all attendees, and minutes of circular (written) resolutions are signed by the respective members.

The Board Secretary ensures effective coordination and the proper distribution of information among Board members and other stakeholders, in compliance with the requirements of regulatory authorities.



Kuwait Real Estate Company

**Declaration of Independence by Independent Board Members**

The independent Board members have signed declarations confirming that they meet the independence criteria as set out in Article (3-2), Chapter Two of Rule One: Establishing a Balanced Board Structure, of Book Fifteen (Corporate Governance) of the Executive Bylaws of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activities, as amended. They have also confirmed that they possess the relevant expertise and technical qualifications appropriate to the Company's activities.

Declarations of independence by the independent members are presented below.

**وزارة التجارة والصناعة**  
Ministry of COMMERCE and Industry

**إقرار عضو مجلس الإدارة المستقل**


أقر أنا الموقع أدناه **محمد فيصل القطامي** ، بطاقة مدنية (أو جواز سفر لغير المقيم) رقم **276100900046** ، والمرشح كعضو مجلس إدارة مستقل لدى شركة **شركة عقارات الكويت** ، بأنه تتوفر لدي الشروط التالية :

1- أنني أتمتع بالاستقلالية على النحو الوارد في المادة (3-2) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتحديثها.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الإسم : **محمد فيصل القطامي**  
التاريخ : **19/03/2025**

التوقيع :



**وزارة التجارة والصناعة**  
Ministry of COMMERCE and Industry

**إقرار عضو مجلس الإدارة المستقل**

أقر أنا الموقع أدناه **أحمد فيصل القطامي** ، بطاقة مدنية (أو جواز سفر لغير المقيم) رقم **276100900046** ، والمرشح كعضو مجلس إدارة مستقل لدى شركة **شركة عقارات الكويت** ، بأنه تتوفر لدي الشروط التالية :

1- أنني أتمتع بالاستقلالية على النحو الوارد في المادة (3-2) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتحديثها.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الإسم : **أحمد فيصل القطامي**  
التاريخ : **19/03/2025**

التوقيع :





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## Kuwait Real Estate Company

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### **Second Rule: Proper Definition of Roles and Responsibilities**

Mechanism for Defining the Roles, Responsibilities, and Duties of the Board of Directors and Executive Management, as well as Delegated Authorities

The Company has established a clear policy defining the roles, responsibilities, and duties of both the Board of Directors and executive management, including the authorities and powers delegated to executive management.

#### **Board of Directors Policy:**

The Board of Directors bears overall responsibility for Kuwait Real Estate Company. This includes setting strategic objectives, identifying risks, and establishing governance standards, as well as overseeing executive management and safeguarding the interests of shareholders, creditors, employees, and all stakeholders.

The Board also ensures that the Company is managed prudently and in compliance with applicable laws and regulations issued by regulatory authorities, as well as the Company's Articles of Association, internal regulations, and policies.

#### **Board Roles and Responsibilities:**

The roles and responsibilities of the Board of Directors include, but are not limited to, the following:

1. Approving the Company's key objectives, strategies, plans, and policies, including at a minimum:
  - The overall corporate strategy, main business plans, and their review and direction.
  - The Company's optimal capital structure and financial objectives.
  - A clear dividend distribution policy (cash and/or in-kind) that serves the interests of both shareholders and the Company.
  - Performance objectives and monitoring of execution and overall Company performance.
  - Organizational and functional structures of the Company, with periodic review thereof.
2. Approving annual budgets and endorsing interim and annual financial statements.
3. Overseeing major capital expenditures, as well as the acquisition and disposal of assets.
4. Ensuring compliance with the Company's approved policies and procedures, and adherence to applicable laws and internal regulations.
5. Ensuring the accuracy and integrity of disclosures, in accordance with the Company's disclosure and transparency frameworks.
6. Establishing effective communication channels to enable shareholders to access information on the Company's activities and any material developments on a regular and ongoing basis.
7. Establishing and overseeing the Company's corporate governance framework, ensuring its effectiveness and updating it as necessary, in line with applicable regulations.
8. Monitoring the performance of Board members and Executive Management based on objective performance indicators.
9. Preparing an annual governance report to be presented to the General Assembly, detailing compliance with corporate governance requirements, to be included within the Company's annual report, along with explanations for any instances of non-compliance.
10. Forming specialized committees with clearly defined mandates, including their duration, authorities, responsibilities, and oversight mechanisms, in addition to evaluating the performance of these committees and their key members.



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## Kuwait Real Estate Company

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11. Ensuring transparency and clarity of policies and regulations, enabling effective decision-making and proper segregation of duties between the Board and Executive Management. This includes:
  - Approving and developing internal regulations and organizational frameworks, including defining roles, responsibilities, and authorities across different organizational levels.
  - Approving delegation policies governing the execution of responsibilities assigned to Executive Management.
12. Defining delegated authorities to Executive Management, including decision-making processes and duration of delegation, while retaining authority over key matters. Executive Management shall provide periodic reports on the exercise of such delegated powers.
13. Supervising and overseeing Executive Management performance, ensuring the proper execution of assigned duties, including:
  - Ensuring Executive Management operates in accordance with Board-approved policies and regulations.
  - Holding periodic meetings with Executive Management to review operations, challenges, and key business developments.
  - Establishing performance metrics aligned with the Company's strategy and objectives.
14. Determining remuneration structures for employees, including fixed compensation, performance- and risk-linked incentives, and share-based compensation.
15. Appointing or dismissing members of Executive Management, including the Chief Executive Officer or equivalent.
16. Establishing policies governing relationships with stakeholders, ensuring the protection of their rights.
17. Implementing mechanisms for related-party transactions, to mitigate conflicts of interest.
18. Ensuring the effectiveness and adequacy of internal control systems across the Company and its subsidiaries, including:
  - The integrity of financial and accounting systems, including financial reporting processes.
  - The implementation of appropriate risk management systems, including identifying potential risks and fostering a risk-aware culture across the organization, with transparent communication to stakeholders.
19. Developing policies and plans to integrate sustainability considerations into the Company's overall strategy.

### **Policies and Procedures Governing Executive Management**

The Company has established policies and procedures that regulate the operations of all departments, outlining in detail the roles and responsibilities of each function in alignment with the strategic objectives set by the Board of Directors and the Company's internal regulations. These policies also define the duties and obligations of Executive Management in accordance with the authorities delegated to them by the Board.

Executive Management is responsible for implementing the strategies, plans, and policies approved by the Board.



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## Kuwait Real Estate Company

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### **Board of Directors' Achievements During the Year**

The Board of Directors remained committed to overseeing the execution of the Company's strategic plans and objectives, while maintaining continuous engagement with Executive Management to ensure their effective implementation. The Board also placed significant emphasis on adhering to corporate governance requirements—not only to fulfill regulatory obligations, but also to embed these standards as an integral part of the Company's operating framework and strategic approach.

During the year, the Board achieved several key milestones in this regard. A summary of the most notable achievements is presented below:

1. Approval of the Company's annual corporate governance, executive management remuneration, and corporate social responsibility reports, in addition to reports submitted by the Board committees.
2. Recommendation to the General Assembly to distribute dividends to shareholders for the year ended 31 December 2024.
3. Review and approval of the Company's estimated budget for financial results.
4. Approval of the Company's interim and annual financial statements.
5. Approval of policies and procedures complementing corporate governance rules and regulatory compliance.
6. Approval of the reappointment of the external auditor, Grant Thornton – Al-Qatami, Al-Aiban & Partners, in compliance with the applicable legal tenure requirements.
7. Follow-up on the Company's operations with executive management and holding periodic meetings to monitor performance.
8. Review of reports and recommendations issued by the Nomination and Remuneration Committee.
9. Holding periodic meetings with internal control function heads, following up on their work results, and discussing all observations raised by regulatory authorities.
10. Attendance of training workshops for Board members and executive management.

### **Mechanism for Ensuring Board Members' Access to Accurate and Timely Information**

Kuwait Real Estate Company has established the necessary mechanisms and tools to enable Board members to access required information and data in a timely manner. This is achieved through the development of the Company's IT environment, the creation of direct communication channels between the Board Secretariat and Board members, and the provision of meeting reports and discussion materials well in advance to allow sufficient time for review, discussion, and decision-making.



Kuwait Real Estate Company

**Overview of the Implementation of Board Committee Formation Requirements and Independence Board Committees:**

The Board of Directors of Kuwait Real Estate Company has established the required number of specialized committees in accordance with the Corporate Governance Rules issued by the Capital Markets Authority. These committees support the Board in the effective execution of its responsibilities and operate with an appropriate level of independence.

The Board is supported by three specialized committees, as outlined below:

	Date of Formation	Members of the Committee		No. of meetings in 2025
Risk Management Committee	02 June 2024 For 3 years	Ahmad Faisal Al-Qatami	Chairman	5
		Meshari Abdullah Al Dakhil	Member	
		Mohammad Issam Al-Bahar	Member	
		Amal Mohammad Al Ashab	Secretary of the Committee	

**Risk Management Committee’s Tasks and Achievements**

1. Reviewing and developing risk management strategies and policies prior to their approval by the Board of Directors, and ensuring their alignment with the scale and nature of the Company’s activities.
2. Assessing the adequacy and effectiveness of the Company’s internal control systems, including strategies, policies, and procedures related to sound risk management practices, and ensuring their proper implementation.
3. Ensuring the availability of adequate resources and systems for effective risk management, reviewing the organizational structure of the risk management function, and providing recommendations prior to Board approval. This includes verifying that risk management personnel possess a comprehensive understanding of the Company’s risk environment and maintain independence from operational activities.
4. Assisting the Board in determining the Company’s acceptable risk appetite, and evaluating the systems and mechanisms for identifying, measuring, and monitoring various types of risks.
5. Reviewing risk assessment reports and evaluating the measures taken to mitigate or address risks within the Company’s approved risk tolerance levels, in line with expected benefits.
6. Reviewing observations raised by the Audit Committee that may impact the Company’s risk management framework.
7. Performing any other responsibilities assigned by the Board of Directors, in accordance with the approved authority framework.
8. Reviewing related-party transactions and providing appropriate recommendations to the Board of Directors.



Kuwait Real Estate Company

	Date of Formation	Members of the Committee		No. of meetings in 2025
Nomination and Remuneration Committee	02 June 2024 For 3 years	Ibrahim Saleh Al-Therban	Chairman non-executive	2
		Marzouk Jassim Al-Bahar	Member	
		Ahmad Faisal Al-Qatami	Member	
		Amal Mohammad Al Ashab	Secretary of the Committee	

**Nomination and Remuneration Committee's Tasks and Achievements**

1. Recommending the acceptance of nominations and re-nominations for members of the Board of Directors and executive management.
2. Establishing a clear policy for the remuneration of Board members and executive management, including an annual review of the skills required for Board membership, attracting candidates for executive positions as needed, reviewing such applications, and determining the various categories of compensation to be granted to employees, such as fixed compensation, performance-based compensation, share-based compensation, and end-of-service benefits.
3. Developing job descriptions for executive members, non-executive members, and independent members.
4. Ensuring that independent Board members continue to meet independence criteria.
5. Preparing a report on the remuneration granted to Board members, executive management, and managers, whether in the form of monetary amounts, benefits, or advantages, regardless of their nature or designation, whether provided directly or indirectly through the Company or its subsidiaries.



Kuwait Real Estate Company

	Date of Formation	Members of the Committee		No. of meetings in 2025
<b>Audit Committee</b>	<b>02 June 2024 For 3 years</b>	<b>Khaled Saeed Esbaita</b>	<b>Chairman non-executive</b>	<b>4</b>
		<b>Ahmed Faisal Al-Qatami</b>	<b>Member</b>	
		<b>Naser Abdullatif Al-Manea</b>	<b>Member</b>	
		<b>Amal Mohammad Al Ashab</b>	<b>Secretary of the Committee</b>	

**Nomination and Remuneration Committee's Tasks and Achievements**

1. Reviewing interim and annual financial statements, as well as the external auditor's report, and providing preliminary approval prior to submission to the Board of Directors for final approval, to ensure fairness and transparency of financial reporting.
2. Ensuring the adequacy and scope of the external auditor's work, as well as verifying their independence and objectivity, and mitigating any factors that may impair such independence.
3. Reviewing the external auditor's observations on the Company's financial statements and following up on actions taken in response.
4. Overseeing the internal audit function, including reviewing and approving the internal audit scope, frequency, and annual audit plan.
5. Reviewing internal audit reports related to the Company's departments, discussing key findings, taking corrective actions, and identifying responsible parties and implementation timelines.
6. Assessing the adequacy and effectiveness of the Company's internal control systems, including strategies, policies, and procedures related to sound risk management practices, and verifying their proper implementation.
7. Monitoring the implementation of agreed corrective actions in accordance with defined timelines.
8. Reviewing reports issued by regulatory authorities and ensuring that appropriate actions have been taken in response.
9. Ensuring the Company's compliance with applicable laws and regulatory requirements.
10. Recommending the appointment, transfer, dismissal, or replacement of the internal auditor, determining their remuneration, and assessing their effectiveness in performing their duties.
11. Recommending to the Board of Directors the appointment, reappointment, or replacement of the external auditor, and determining their fees.
12. Holding periodic meetings independently with the external auditor, and at least four times annually with the internal auditor, as well as additional meetings when required at the Committee's request.



### **Third Rule: Selecting Competent Individuals for Board Membership and Executive Management**

#### **Mechanism for Implementing the Requirements for the Formation of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was reconstituted on 2 June 2024. The Committee comprises three members, including one Independent member, and is chaired by a Non-Executive Board member. The Committee's term is three years. It meets regularly at least once per year, and additionally as required.

#### **Report on Remuneration Granted to Board Members, Executive Management, and Senior Management – Summary of the Remuneration Policy**

Kuwait Real Estate Company has established a clear policy governing the remuneration of the Chairman and members of the Board of Directors, Executive Management, and senior management. This policy is subject to annual review to ensure its continued relevance and effectiveness. The Company prepares a detailed report outlining the amounts and benefits granted.

The Nomination and Remuneration Committee operates within the framework of this policy, recommending remuneration for Board members and Executive Management based on the procedures set out in the remuneration policy, as well as performance criteria, the Company's achievement of its objectives, and its profitability.



Kuwait Real Estate Company

Statement of Remunerations:

Remunerations & Benefits for the Board of Directors									
The total number of member	Remunerations and benefits from the parent company					Remunerations and benefits from subsidiaries			
	Fixed remunerations and privileges (KD)	Variable remunerations and privileges (KD)			Committee remuneration	Fixed remunerations and privileges (KD)	Monthly salaries (total year)	Annual remuneration	Committee remuneration
8	0	60,000	0	0	0	0	0	0	0

Total remunerations and benefits offered to five senior executives who received the highest remunerations in addition to the chief executive officer, the finance manager or their assigns if not already included

Total number of executive positions	Remunerations and privileges from the parent company					Remunerations and privileges from subsidiaries					
	Fixed remunerations and benefits (KD)				Variable remunerations and benefits (KD)	Fixed remunerations and benefits (KD)				Variable remunerations and benefits (KD)	
7	442,800	6,800	19,517	-	-	333,450	144,000	415	3,810	-	-

The Company did not record any fundamental deviations or changes from the approved policy of remunerations and privileges approved by the Board of Directors.



Kuwait Real Estate Company

**Fourth Rule: Ensuring the Integrity of Financial Reporting**

**Written Representations by the Board of Directors and Executive Management on the Integrity of Financial Statements**

The Board of Directors of Kuwait Real Estate Company is committed to ensuring the integrity of financial reporting. In this regard, Executive Management has provided written representations to the Board confirming that the financial statements have been presented fairly and accurately, and that they reflect all financial aspects of the Company in accordance with the International Financial Reporting Standards (IFRS) approved by the Capital Markets Authority.



Furthermore, the annual report submitted by the Board of Directors to shareholders includes a declaration affirming the integrity and fairness of the financial statements. This reinforces accountability at all levels, including the accountability of Executive Management to the Board, and of the Board to shareholders.

**Overview of the Implementation of Audit Committee Formation Requirements**

Kuwait Real Estate Company is committed to complying with the instructions of the Capital Markets Authority through the establishment of an Audit Committee reporting to the Board of Directors. The Committee is entrusted with supporting the Board in fulfilling its responsibilities related to overseeing the quality and integrity of accounting practices, auditing, internal controls, risk management framework, financial reporting, and the overall corporate governance framework, in addition to managing the Company's relationship with external auditors.

The roles, responsibilities, and all requirements related to the formation of the Committee are defined in the Audit Committee Charter approved by the Board of Directors.



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## Kuwait Real Estate Company

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### **Mechanism for Implementing Audit Committee Formation Requirements**

The Audit Committee was reconstituted on 2 June 2024 and comprises three members, including one Independent member. The Committee operates with full independence and includes members with specialized expertise in accounting and finance.

The Committee meets regularly at least four times per year on a quarterly basis, with minutes duly recorded. It also holds periodic meetings with the external auditors at least four times annually, as well as with the internal auditor, in addition to meetings convened as needed.

In accordance with the authorities granted under its Charter and the Corporate Governance Rules, the Audit Committee is responsible for overseeing, reviewing, and monitoring the work of the Company's external auditors and internal audit activities, along with other responsibilities that promote a culture of compliance and ensure the fairness and transparency of financial reporting. The Committee also ensures the effectiveness of the internal control systems in place.

The Committee regularly reports its observations and recommendations to the Board of Directors. During the year, no conflicts arose between the recommendations of the Audit Committee and the decisions issued by the Board of Directors.

### **Independence and Objectivity of the External Auditor**

The external auditor is nominated based on the recommendation of the Audit Committee, submitted to the Board of Directors, provided that the auditor is registered in the official register of the Capital Markets Authority. The Company ensures that the external auditor maintains independence from both the Company and its Board of Directors.

The external auditor is permitted to discuss their views with the Audit Committee prior to the submission of the annual financial statements to the Board. The auditor also attends the General Assembly meeting and presents their report to shareholders, highlighting any challenges or interferences encountered during the audit process.

## **Fifth Rule : Establishing Sound Risk Management and Internal Control Systems**

### **Mechanism for Implementing Risk Management Function Requirements**

Kuwait Real Estate Company places significant importance on maintaining effective internal control systems to ensure the integrity of financial data, operational efficiency, and compliance with regulatory requirements. Accordingly, the Company's approved organizational structure includes a dedicated Risk Management function responsible for identifying, measuring, monitoring, and mitigating all types of risks faced by the Company.

The Risk Management function is also responsible for reviewing proposed transactions and dealings with related parties and providing appropriate recommendations in this regard.

Risk Management personnel operate with a high degree of independence, reporting directly to the Risk Committee. They are granted sufficient authority to effectively perform their duties, without being assigned financial powers that may create conflicts with their oversight role. The function is supported by qualified professionals with the necessary expertise and technical capabilities.

### **Mechanism for Implementing Risk Management Committee Formation Requirements**

The Risk Management Committee was reconstituted on 2 June 2024 and comprises three members, including an Independent Chairman and two Non-Executive members. The Chairman of the Board is not a member of the Committee.

The Committee meets periodically at least four times per year, as well as whenever required, with minutes duly recorded.



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## Kuwait Real Estate Company

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### **Internal Control Systems**

The Company adopts a comprehensive framework of internal control systems and regulatory procedures that cover all its activities and departments. These systems are designed to safeguard the Company's financial position, ensure the accuracy of its data, and enhance the efficiency of its operations across all areas.

The organizational structure clearly defines responsibilities, delegated authorities, and reporting lines, ensuring clarity and alignment with the Company's strategy and investment structure. The Board of Directors has delegated the day-to-day management of the Company to Executive Management, under the leadership of the Chief Executive Officer, through a formal delegation of financial and operational authorities. Transactions that fall outside the scope of delegated authority and require Board approval are clearly defined.

The Company's internal control procedures include administrative and financial controls, as well as an overall internal control framework, which are applied on a regular basis. These procedures encompass the proper definition of authorities and responsibilities, segregation of duties, avoidance of conflicts of interest, and the implementation of dual control and dual-signature mechanisms.

In addition, the Company has engaged an independent and accredited audit firm to assess and review its internal control systems (Internal Control Report) and prepare a report in this regard, which will be submitted to the Capital Markets Authority.

### **Mechanism for Implementing Internal Audit Function Requirements**

The Company has established an Internal Audit function that operates with full independence, reporting directly to the Audit Committee and, ultimately, to the Board of Directors. The Head of Internal Audit has been appointed directly by the Board based on the recommendation of the Audit Committee.

The Board has also defined the roles and responsibilities of the Internal Audit function and approved its governing policies.

## **Sixth Rule: Promoting Professional Conduct and Ethical Values**

### **Code of Conduct Covering Professional Standards and Ethical Values**

The Board of Directors has established a Code of Conduct that defines the standards and principles of professional behavior required to achieve the Company's objectives. Adherence to these standards supports the effective performance of duties and ensures that decisions are guided by ethical values in serving clients and conducting business operations.

The Company is committed not only to acting in the best interests of its business, but also in the interests of its wider stakeholders. A strong culture of professional conduct and ethical values is embedded across the organization, where all employees perform their duties within a framework grounded in integrity and ethical principles. These values form an integral part of the Company's commitment to maintaining its reputation and reinforcing stakeholder trust.

All employees, including Board members, Executive Management, and other staff, are required to comply with the Company's approved internal policies and regulations.

### **Policies and Mechanisms for Managing Conflicts of Interest**

The Board of Directors has adopted a policy to manage and mitigate conflicts of interest, including clear procedures for identifying, addressing, and handling both actual and potential conflicts.

The purpose of this policy is to support the Company, its direct and indirect subsidiaries, Board members, and Executive Management in promoting the Company's organizational values and ensuring sound management practices when dealing with conflict-of-interest situations.

These policies apply to all employees, suppliers, officers, and members of the Board of Directors.



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## Kuwait Real Estate Company

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### **Seventh Rule: Ensuring Accurate and Timely Disclosure and Transparency**

#### **Implementation of Mechanisms for Accurate and Transparent Disclosure**

The Company is committed to structured disclosure practices covering both financial and non-financial material information, with clearly defined mechanisms for disclosure in line with applicable legal and ethical requirements. The Company also ensures that material information related to its activities is disclosed in a timely manner.

#### **Overview of the Implementation of Disclosure Register Requirements for Board Members, Executive Management, and Senior Management**

The Company maintains a dedicated register for disclosures made by Board members, Executive Management, and senior management. This register includes all information received in accordance with Book Ten of the Executive Bylaws issued by the Capital Markets Authority. The register is regularly updated based on submitted disclosures and is available for review by any interested party during official working hours.

#### **Implementation of Investor Relations Function Requirements**

Kuwait Real Estate Company has established an Investor Relations function and adopted policies and procedures to ensure fair representation of the Company, enabling both current and prospective investors to remain informed about investment decisions. The function is responsible for providing relevant information and reports to investors and operates with full independence, allowing it to deliver accurate and timely information through recognized communication channels, including the Company's website, which provides contact details for the Investor Relations function.

#### **Development of IT Infrastructure and Its Role in Disclosure Processes**

The Company has placed significant reliance on information technology to enhance communication with investors, shareholders, and stakeholders. A dedicated Investor Relations section has been established on the Company's website, where up-to-date information and data are made available to support shareholders and both current and prospective investors in exercising their rights and evaluating the Company's performance.

### **Eighth Rule: Respecting Shareholders' Rights**

#### **Implementation of Requirements for Defining and Protecting Shareholders' Rights to Ensure Fairness and Equality Among All Shareholders**

In accordance with the Company's policies on protecting stakeholders' and shareholders' rights, all shareholders enjoy clear and equitable rights. These include the registration of share ownership in the Company's records, the right to transfer ownership of shares, the receipt of dividend distributions, entitlement to a share of the Company's assets upon liquidation, and access to timely information regarding the Company's activities and its operational and investment strategies.

Shareholders also have the right to attend General Assembly meetings, participate in discussions, vote on resolutions, and monitor the performance of the Company in general and the Board of Directors in particular. They are also entitled to hold the Board of Directors and Executive Management accountable in the event of failure to perform their assigned duties.



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## Kuwait Real Estate Company

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### **Summary of Maintaining a Shareholder Register with Kuwait Clearing Company as part of the requirements for the continuous monitoring of shareholders' data.**

The Company maintains a dedicated shareholder register with the Kuwait Clearing Company, which records shareholders' names, nationalities, domiciles, and the number of shares owned. The register is updated to reflect any changes in shareholder data based on information received by the Company or the Kuwait Clearing Company.

### **Encouraging Shareholder Participation and Voting in General Assembly Meetings**

The Company invites shareholders to attend its General Assembly meetings and participate in voting. Invitations include details of the meeting's time and venue and are also published in the official newspapers of the State of Kuwait.

Shareholders may appoint a proxy to attend and vote on their behalf through a formal authorization or proxy form prepared by the Company. In addition, shareholders are provided with the General Assembly agenda, Board of Directors' report, external auditor's report, and financial statements sufficiently in advance of the meeting to enable informed participation and decision-making.

## **Ninth Rule: Recognizing the Role of Stakeholders**

### **Policies and Systems Ensuring the Protection and Recognition of Stakeholders' Rights**

The Company has established policies and procedures to ensure the protection of stakeholders' rights and to provide them with access to legal remedies in the event of any violation, in accordance with the Corporate Governance Rules. These policies also emphasize the importance of maintaining positive working relationships and include clear mechanisms for whistleblowing, receiving complaints, and addressing them appropriately.

### **Mechanisms for Encouraging Stakeholder Participation in Monitoring Company Activities**

The Company is committed to enhancing stakeholder engagement and participation in its activities by ensuring the accurate and timely disclosure of relevant information. It also takes into consideration the interests of stakeholders when making key decisions.

The Company provides stakeholders with access to relevant information and data related to their interests, enabling them to rely on such information in a timely and structured manner.

## **Tenth Rule: Enhancing and Improving Performance**

### **Mechanisms for Providing Ongoing Training and Development for Board Members and Executive Management**

The Company has defined, within its Code of Professional Conduct and Ethics, the core principles underpinning its policies, aimed at reinforcing institutional values. The Company recognizes that its reputation is closely linked to the conduct of its Board members, Executive Management, and employees, all of whom are expected to uphold the highest ethical standards.

In line with its commitment to developing the capabilities of Board members and Executive Management, the Company has engaged several local advisory firms to provide technical support across key areas, including corporate governance, internal controls, human resources, and legal matters. This ensures that they maintain a strong understanding of best practices relevant to the Company's operations and industry.



### **Evaluation of the Performance of the Board of Directors, Individual Board Members, and Executive Management**

The Company has established frameworks and mechanisms to periodically evaluate the performance of each Board member and member of Executive Management, based on a set of performance indicators linked to the achievement of the Company's strategic objectives.

In addition, objective performance metrics have been developed to assess the performance of the Board as a whole, the contribution of individual Board members and its committees, as well as the performance of Executive Management, on an annual basis.

### **Board Efforts in Creating Institutional Value Among Employees**

Through its Code of Professional Conduct and Ethics, the Company has established the foundational principles of its value creation approach by implementing mechanisms that support the achievement of strategic objectives and the improvement of performance. This contributes to fostering a culture of value creation among employees and motivates them to uphold the Company's financial integrity. The Company also continuously enhances its internal integrated reporting systems, which support both the Board of Directors and Executive Management in making structured and informed decisions.

### **Eleventh Rule: Emphasizing Social Responsibility**

#### **Summary of the Policy Ensuring a Balance Between Corporate and Societal Objectives**

The Board of Directors of Kuwait Real Estate Company is committed to establishing a comprehensive corporate social responsibility framework that ensures a balance between the Company's economic objectives and its responsibilities toward society and the environment. This is achieved through the adoption of clear policies and procedures that reflect the Company's commitment to the principles of sustainable development.

The Company adopts an institutional approach that integrates social and environmental considerations into its operations and overall strategy, reinforcing its role as an active partner in supporting the economy and society. It also seeks to create sustainable value for all stakeholders by promoting responsible practices and delivering a positive, long-term impact on the community, in line with best practices and recognized standards.



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## Kuwait Real Estate Company

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### Summary of a Policy Ensuring Balance Between the Company's Objectives and Societal Goals

Kuwait Real Estate Company adopts a set of institutional frameworks and mechanisms that organize and support its corporate social responsibility efforts, ensuring their sustainability and alignment with the Company's overall strategy. These include, but are not limited to:

1. Establishing internal policies and procedures that promote the adoption of corporate social responsibility principles across the Company.
2. Integrating sustainability principles into decision-making processes and strategic planning.
3. Developing strategic partnerships with community entities and relevant institutions to support impactful initiatives.
4. Encouraging employee participation in community initiatives, fostering a culture of social responsibility within the workplace.
5. Implementing mechanisms to monitor and measure the impact of social initiatives to ensure desired outcomes are achieved.
6. Disclosing the Company's social responsibility efforts in its annual sustainability reports, enhancing transparency and stakeholder engagement.

Kuwait Real Estate Company is committed to implementing a range of programs and initiatives that highlight its efforts in the field of corporate social responsibility and reflect its dedication to supporting the community and creating a positive impact across various sectors.

In this context, the Company provided a financial donation to Bayt Abdullah Children's Hospice, supporting its humanitarian efforts in caring for sick children. It also supported the INJAZ Career Fair and contributed to INJAZ Kuwait, a non-governmental, non-profit organization focused on empowering youth and preparing them for the labor market through programs in entrepreneurship, career readiness, and financial literacy—demonstrating the Company's commitment to supporting national talent and enhancing future opportunities. Additionally, the Company contributed to an Iftar campaign during the holy month of Ramadan.

Furthermore, in collaboration with the Kuwait Heart Foundation, a mobile medical unit was provided at Souk Al-Kuwait, offering free health screenings including blood sugar and cholesterol tests, measurements of weight, height, and blood pressure, along with medical consultations and awareness sessions conducted by a specialized physician, in conjunction with World Heart Day.

The Company also supported the "Ishraqat Amal" initiative, aimed at empowering individuals with special needs by showcasing their talents and creativity, and participated in the accompanying art exhibition to promote their social inclusion.

Internally, the Company organized various initiatives and activities for its employees in collaboration with community entities, including health awareness campaigns and social activities designed to promote well-being and strengthen engagement and communication among employees.

Finally, the Company organized social and recreational events at both Souk Al-Kuwait and Arabella complexes, aimed at enhancing community engagement and improving visitor experience, in addition to hosting community-oriented activities at Arabella to support social interaction among visitors.



# Consolidated Financial Statements

**Yotel Hotel**  
Miami, USA



**Grant Thornton**  
Al-Qatami, Al-Aiban & Partners

An instinct for growth™

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## Independent auditor's report

To the Shareholders of  
Kuwait Real Estate Company – KPSC  
Kuwait

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We We have audited the consolidated financial statements of Kuwait Real Estate Company - KPSC (the "Parent Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's 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 International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

##### *Valuation of investment properties*

The Group's investment properties comprise of lands and buildings, including leased properties. The total carrying value of the investment properties are significant to the Group's consolidated financial statements and are carried at fair value.

Management determines the fair value of its investment properties on a periodic basis using external appraisers to support the valuation.

Investment properties are valued using mark to market approach which is based on the latest sale prices of properties within similar areas for certain investment properties, and income capitalization approach which is based on estimates and assumptions such as rental values, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions for certain other properties.

## Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)

### Key Audit Matters (continued)

#### *Valuation of investment properties (continued)*

Also, the disclosures relating to the assumptions are relevant, given the estimation uncertainty and sensitivity of the valuations. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we identified this as a key audit matter. The Group's disclosures about its investment properties are included in Notes 17 and 32.3 to the consolidated financial statements.

As part of our audit procedures amongst others, we have evaluated the above assumptions and estimates made by management and the external appraisers in the valuation and assessed the appropriateness of the data supporting the fair value. Furthermore, we assessed the appropriateness of the disclosures relating to the sensitivity of the assumptions.

#### *Valuation of financial assets at FVTPL and FVTOCI*

The Group's financial assets at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVTOCI") include significant unquoted investments. Due to their unique structure and terms, the valuation of these instruments is based either on external independent valuations or on entity-developed internal models. Therefore, there is significant measurement uncertainty involved in valuations. As a result, the valuations of these instruments were significant to our audit. We have, therefore, spent significant audit efforts in assessing the appropriateness of the valuations and underlying assumptions. The Group's disclosures about its financial assets at FVTPL and FVTOCI are included in Notes 11, 15 and 32.2 to the consolidated financial statements.

Our audit procedures included agreeing carrying value of the unquoted securities to the Group's internal or external valuations prepared using valuation techniques, assessing and challenging the appropriateness of estimates, assumptions and valuation methodology and obtained supporting documentation and explanations to corroborate the valuations.

### Other Information included in the Group's 2025 Annual Report

Management is responsible for the other information. The other information comprises Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Group's Annual Report which is expected to be made available to us after that date.

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 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. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)

### **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 IASB, 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 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 ISAs, we exercise professional judgment 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.
- 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, 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 auditor's 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

**Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)**

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

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.

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.

**Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.



**Abdullatif M. Al-Aiban (CPA)**  
(Licence No. 94-A)  
Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait  
31 March 2026



## Annual Report 2025

## Consolidated statement of profit or loss

	Notes	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD
<b>Income</b>			
Real estate rental income		36,724,043	33,437,626
Revenue from contracts with customers		2,697,286	1,424,888
		<b>39,421,329</b>	<b>34,862,514</b>
Real estate operating expenses		(12,761,801)	(9,833,924)
Cost of contracts with customers		(2,336,927)	(2,435,987)
		<b>(15,098,728)</b>	<b>(12,269,911)</b>
Gross income		<b>24,322,601</b>	<b>22,592,603</b>
Change in fair value of investment properties	17	(289,724)	9,475,562
Change in fair value of properties under development	16	-	55,683
Change in fair value of financial assets at FVTPL		2,989,929	2,482,385
Profit / (loss) on sale of financial assets at FVTPL		190,093	(71,739)
Dividend income		429,660	375,626
Share of results of associates	14.2	2,168,597	(2,029,236)
Gain on bargain purchase of associate	14.3	10,123,409	-
Reversal of liabilities no longer required	19.1	2,183,014	-
Other income		765,221	490,096
		<b>42,882,800</b>	<b>33,370,980</b>
<b>Expenses and other charges</b>			
General and administrative expenses		(5,076,508)	(3,499,309)
Finance costs	8	(12,581,644)	(12,890,139)
Provision charge for doubtful debts	12 & 28	(659,910)	-
		<b>(18,318,062)</b>	<b>(16,389,448)</b>
<b>Profit for the year before taxation on overseas subsidiaries</b>		<b>24,564,738</b>	<b>16,981,532</b>
Taxation on overseas subsidiaries		(362,800)	(692,087)
<b>Profit for the year before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and directors' remuneration</b>		<b>24,201,938</b>	<b>16,289,445</b>
Provisions for KFAS, NLST and Zakat		(793,798)	(744,328)
Board of directors' remuneration	29	(60,000)	(60,000)
<b>Profit for the year</b>		<b>23,348,140</b>	<b>15,485,117</b>
<b>Profit for the year attributable to:</b>			
Owners of the Parent Company		15,073,225	13,414,640
Non-controlling interests		8,274,915	2,070,477
<b>Profit for the year</b>		<b>23,348,140</b>	<b>15,485,117</b>
<b>Basic and diluted earnings per share (Fils)</b>	9	<b>12.526</b>	<b>11.277</b>



## Annual Report 2025

## Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD
<b>Profit for the year</b>	<b>23,348,140</b>	15,485,117
<b>Other comprehensive (loss) / income:</b>		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Net change in fair value of financial assets at FVTOCI	<b>(5,924,692)</b>	23,241,479
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss</i>		
Exchange differences arising on translation of foreign operations	<b>(193,313)</b>	378,624
Share of other comprehensive loss of associates	<b>(412,915)</b>	(755,332)
Total other comprehensive (loss) / income for the year	<b>(6,530,920)</b>	22,864,771
<b>Total comprehensive income for the year</b>	<b>16,817,220</b>	38,349,888
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Parent Company	<b>8,542,305</b>	36,279,411
Non-controlling interests	<b>8,274,915</b>	2,070,477
<b>Total comprehensive income for the year</b>	<b>16,817,220</b>	38,349,888



## Annual Report 2025

### Consolidated statement of financial position

	Notes	31 Dec 2025 KD	31 Dec 2024 KD
<b>Assets</b>			
Cash and cash equivalents	10	31,466,066	12,356,006
Financial assets at fair value through profit or loss	11	22,964,524	17,838,377
Accounts receivable and other assets	12	28,686,101	15,270,478
Due from related parties	28	13,063,611	14,524,805
Trading properties	13	39,666,818	37,182,589
Investment in associates	14	32,626,021	11,678,960
Financial assets at fair value through other comprehensive income	15	101,661,629	83,073,600
Capital work in progress		8,992,185	1,951,102
Properties under development	16	-	2,835,820
Investment properties	17	269,923,186	261,302,456
Property and equipment		2,542,911	2,898,014
<b>Total assets</b>		<b>551,593,052</b>	<b>460,912,207</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	18	4,932,729	5,181,424
Accounts payable and other liabilities	19	21,172,453	21,928,048
Advances from customers	20	38,182,950	-
Lease liabilities	21	640,351	8,232,000
Borrowings	22	231,019,643	223,347,579
Due to related parties	28	1,980,825	5,671,846
Provision for employees' end of service benefits		1,324,595	1,171,381
<b>Total liabilities</b>		<b>299,253,546</b>	<b>265,532,278</b>
<b>Equity</b>			
Share capital	23	122,412,829	100,420,696
Share premium	23	19,392,082	3,425,191
Treasury shares	24	(3,334,958)	(7,135,682)
Statutory and voluntary reserves	25	32,910,719	29,725,313
Other components of equity	26	22,486,519	25,663,770
Retained earnings		33,018,679	26,978,681
<b>Equity attributable to owners of the Parent Company</b>		<b>226,885,870</b>	<b>179,077,969</b>
Non-controlling interests		25,453,636	16,301,960
<b>Total equity</b>		<b>252,339,506</b>	<b>195,379,929</b>
<b>Total liabilities and equity</b>		<b>551,593,052</b>	<b>460,912,207</b>



**Talal Jassem Al-Bahar**  
Vice Chairman & Chief Executive Officer



Annual Report 2025

Consolidated statement of changes in equity

Equity attributable to the owners of the Parent Company

	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserve KD	Other components of equity KD	Retained earnings KD	Sub total KD	Non- controlling interests KD	Total KD
<b>Balance at 1 January 2025</b>	<b>100,420,696</b>	<b>3,425,191</b>	<b>(7,135,682)</b>	<b>29,725,313</b>	<b>25,663,770</b>	<b>26,978,681</b>	<b>179,077,969</b>	<b>16,301,960</b>	<b>195,379,929</b>
Share capital increase (note 23)	15,966,891	15,966,891	-	-	-	-	31,933,782	-	31,933,782
Capital contributions by non-controlling interests (note 7.5.1)	-	-	-	-	-	-	-	876,761	876,761
Purchase of treasury shares	-	(76,375,744)	80,176,468	-	-	-	(76,375,744)	-	(76,375,744)
Sale of treasury shares	6,025,242	-	-	-	3,531,090	(6,025,242)	83,707,558	-	83,707,558
Bonus shares distributions (note 29)	21,992,133	15,966,891	3,800,724	-	3,531,090	(6,025,242)	39,265,596	876,761	40,142,357
Total transactions with the owners	-	-	-	-	-	15,073,225	15,073,225	8,274,915	23,348,140
Profit for the year	-	-	-	-	(6,530,920)	-	(6,530,920)	-	(6,530,920)
Other comprehensive loss for the year	-	-	-	-	(6,530,920)	15,073,225	8,542,305	8,274,915	16,817,220
Total comprehensive (loss) / income for the year	-	-	-	-	(177,421)	177,421	-	-	-
Gain on disposal of financial assets at FVTOCI	-	-	-	3,185,406	-	(3,185,406)	-	-	-
Transferred to reserves	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2025</b>	<b>122,412,829</b>	<b>19,392,082</b>	<b>(3,334,958)</b>	<b>32,910,719</b>	<b>22,486,519</b>	<b>33,018,679</b>	<b>226,885,870</b>	<b>25,453,636</b>	<b>252,339,506</b>

The notes set out on pages 54 to 108 form an integral part of these consolidated financial statements.



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Consolidated statement of changes in equity (continued)

Equity attributable to the owners of the Parent Company

	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserve KD	Other components of equity KD	Retained earnings KD	Sub total KD	Non- controlling interests KD	Total KD
<b>Balance at 1 January 2024</b>	94,736,506	3,425,191	(5,171,096)	26,881,519	1,798,379	24,402,046	146,072,545	11,603,434	157,675,979
Capital contributions by non-controlling interests	-	-	-	-	-	-	-	2,628,049	2,628,049
Purchase of treasury shares	-	-	(34,605,969)	-	-	-	(34,605,969)	-	(34,605,969)
Sale of treasury shares	-	-	32,641,383	-	2,334,476	-	34,975,859	-	34,975,859
Bonus shares distributions (note 29)	5,684,190	-	-	-	-	(5,684,190)	-	-	-
Cash dividends distribution (note 29)	-	-	-	-	-	(3,643,877)	(3,643,877)	-	(3,643,877)
Total transactions with the owners	5,684,190	-	(1,964,586)	-	2,334,476	(9,328,067)	(3,273,987)	2,628,049	(645,938)
Profit for the year	-	-	-	-	-	13,414,640	13,414,640	2,070,477	15,485,117
Other comprehensive income for the year	-	-	-	-	22,864,771	-	22,864,771	-	22,864,771
Total comprehensive income for the year	-	-	-	-	22,864,771	13,414,640	36,279,411	2,070,477	38,349,888
Gain on disposal of financial assets at FVTOCI	-	-	-	-	(1,333,856)	1,333,856	-	-	-
Transferred to reserves	-	-	-	2,843,794	-	(2,843,794)	-	-	-
<b>Balance at 31 December 2024</b>	100,420,696	3,425,191	(7,135,682)	29,725,313	25,663,770	26,978,681	179,077,969	16,301,960	195,379,929

The notes set out on pages 54 to 108 form an integral part of these consolidated financial statements.



## Annual Report 2025

## Consolidated statement of cash flows

	Notes	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD
<b>OPERATING ACTIVITIES</b>			
<b>Profit for the year</b>		<b>23,348,140</b>	15,485,117
<b>Adjustments:</b>			
Depreciation		765,175	749,887
Finance costs	8	12,581,644	12,890,139
Change in fair value of investment properties	17	289,724	(9,475,562)
Change in fair value of properties under development	16	-	(55,683)
Share of results of associates	14.2	(2,168,597)	2,029,236
Gain on bargain purchase of associate	14.3	(10,123,409)	-
Change in fair value of financial assets at FVTPL		(2,989,929)	(2,482,385)
(Profit) / loss on sale of financial assets at FVTPL		(190,093)	71,739
Provision charge for doubtful debts	12 & 28	659,910	-
Dividend income		(429,660)	(375,626)
Reversal of liabilities no longer required	19.1	(2,183,014)	-
Provision charge for employees' end of service benefits		287,791	234,848
		<b>19,847,682</b>	19,071,710
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable and other assets		(13,962,022)	2,571,948
Due from related parties		1,347,683	1,787,518
Accounts payable and other liabilities		(1,832,544)	1,233,193
Due to related parties		(3,691,021)	(42,714)
Advances from customers	20	38,095,336	-
Employees' end of service benefits paid		(134,584)	(66,094)
<b>Net cash from operating activities</b>		<b>39,670,530</b>	24,555,561
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(410,072)	(1,240,782)
Additions to capital work in progress		(4,577,577)	(1,897,922)
Additions to properties under development	16	(2,166,812)	(2,780,137)
Additions to investment properties	17	(1,793,307)	(2,652,306)
Additions to trading properties	13	(8,300,892)	(5,795,967)
Purchase of financial assets at FVTPL		(10,229,376)	(135,512)
Proceeds from sale of financial assets at FVTPL		5,216,616	-
Purchase of financial assets at FVTOCI		(146,444,419)	(60,044,193)
Proceeds from sale of financial assets at FVTOCI		121,931,700	53,073,933
Additions / capital contribution in associates	14.2	(2,903,408)	(1,588,878)
Dividend received from associates	14.2	37,266	74,536
Restricted bank balances	10	21,308	641
Term deposits maturing after 3 months	10	2,175,487	(1,049,673)
Dividend income received		429,660	375,626
<b>Net cash used in investing activities</b>		<b>(47,013,826)</b>	(23,660,634)



## Annual Report 2025

## Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD
<b>FINANCING ACTIVITIES</b>			
Net change in borrowings		8,080,482	24,245,642
Finance costs paid		(11,070,058)	(10,730,752)
Proceeds from increase of share capital	23	31,933,782	-
Lease liabilities paid	21	(8,232,000)	(8,232,000)
Net movement in treasury shares		7,331,814	(1,964,586)
Capital contributions by non-controlling interests	7.5.1	876,761	2,628,049
Dividends paid		(74,773)	(3,603,717)
<b>Net cash from financing activities</b>		<b>28,846,008</b>	<b>2,342,636</b>
<b>Net increase in cash and cash equivalents</b>		<b>21,502,712</b>	<b>3,237,563</b>
Foreign currency adjustments		52,838	281,179
Cash and cash equivalents at the beginning of the year	10	4,957,210	1,438,468
<b>Cash and cash equivalents at the end of the year</b>	10	<b>26,512,760</b>	<b>4,957,210</b>
<b>Material non-cash transactions:</b>			
Investment in associates	14.2	(16,325,237)	-
Gain on bargain purchase of associate	14.3	10,123,409	-
Disposal of financial assets at FVTPL	11.2	6,201,828	-
Disposal of trading properties	13	(3,135,193)	-
Additions to financial assets at FVTPL		3,135,193	4,261,994
Transferred from properties under development	17	5,002,632	7,867,584
Transferred to investment properties	16	(5,002,632)	(7,867,584)
Additions to capital work in progress		(2,463,506)	(8,232,000)
Lease additions / modification	21	640,351	8,232,000
Accounts payable and other liabilities		1,823,155	-
Accounts receivable and other assets		-	(4,261,994)
Transferred to trading properties	13	-	20,556,527
Transferred from investment properties	17	-	(20,556,527)



## Annual Report 2025

### Notes to the consolidated financial statements

#### 1 Incorporation and activities of the Parent Company

Kuwait Real Estate Company – KPSC (“the Parent Company”) was incorporated in 1972 as a Kuwaiti public shareholding company in accordance with the provisions of the Companies Law in the State of Kuwait.

The Parent Company’s shares are listed on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries (collectively referred to as “the Group”). The details of the subsidiaries are described in Note 7.

The principal activities of the Parent Company are as follows:

- Carry out various real estate works for achieving profit, including sale, purchase, renting out and leasing of lands and real estate properties, erect buildings, prepare and implement studies of the private and public real estate projects directly or through mediation whether in Kuwait or abroad.
- Carry out various building works and related works whether for its account or for the account of third parties and import, trade in all materials related to real estate and other works related or necessary thereto.
- Invest in companies’ shares or projects similar to the company’s objectives or manage and direct such institutions in such a way that achieves interest.
- Build housing whether for citizens or government employees or the employees of official or private authorities against receiving their value from them either in cash or on installments.
- Carry out contracting works in general whether directly or through participation with other contracting companies or representing same.
- Manage others’ properties in Kuwait and abroad.
- Erect private and public buildings and projects, including malls, entertainment centers, touristic utilities and implement them directly or through third parties in Kuwait or abroad and rent out or sell same in cash or on installments after approval by the competent authorities.
- Create, manage or share third parties in real estate investment funds only whether in Kuwait or abroad to employ and invest funds on behalf of others after approval by the competent authorities.
- Do various real estate works for achieving profit, including acquisition, sale and purchase of lands and real estate properties and develop them for the account of the company inside and outside Kuwait, rent out and lease same and erect buildings.
- Prepare studies and provide consultations in all kinds of real estate fields, provided the required terms and conditions are met by those who offer this service.
- Acquire, sell and purchase shares and bonds of the companies or projects similar to the company’s objectives or manage such institutions and direct same in such a way that achieves interest.
- Acquire movables and real estate properties necessary to conduct its activity within the limits permitted by the law and in compliance with its objectives.
- Perform maintenance works related to the buildings and properties owned by the company and others, including civil, mechanical and electrical works, elevators and air conditioning works in such a way that maintains buildings and their safety.
- Organize real estate exhibitions for the company’s real estate projects.
- Hold real estate auctions.
- Utilize the surplus funds available with the company by investing same in financial portfolios managed by specialized companies and entities inside and outside Kuwait.
- Contribute directly to set out the basic structure of the residential, commercial areas and projects by “Building, Operation & Transfer” (BOT) system and manage the real estate utilities by BOT system.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 1 Incorporation and activities of the Parent Company (continued)

The Parent Company has the right to perform the above-mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also establish or share or purchase these entities or affiliate them therewith.

The address of the Parent Company's registered office is PO Box 1257, Safat 13013, State of Kuwait.

These consolidated financial statements for the year ended 31 December 2025 were authorised for issue by the Parent Company's board of directors on 31 March 2026. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

#### 2 Basis of preparation

The consolidated financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, properties under development and investment properties that have been measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The Group has elected to present the "consolidated statement of profit or loss and other comprehensive income" in two statements: the "consolidated statement of profit or loss" and the "consolidated statement of profit or loss and other comprehensive income".

#### 3 Statement of compliance

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered various factors and has a reasonable expectation that the Group has and will have adequate resources to continue its operations for the foreseeable future.

#### 4 Changes in accounting policies

##### 4.1 New and amended IFRS Accounting Standards adopted by the Group

The following amendments to existing IFRS Accounting Standards were effective for the current period.

*Standard or Interpretation*

*Effective for annual periods beginning*

IAS 21 Amendments – Lack of exchangeability

1 January 2025



Annual Report 2025

Notes to the consolidated financial statements (continued)

**4 Changes in accounting policies (continued)**

**4.1 New and amended IFRS Accounting Standards adopted by the Group (continued)**

**IAS 21 Amendments – Lack of exchangeability**

The amendments to IAS 21 addresses determination of exchange rate when there is long term lack of exchangeability. The amendments:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency’s lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The adoption of the amendments did not have a significant impact on the Group’s consolidated financial statements.

**4.2 IASB Standards issued but not yet effective**

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group’s consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group’s consolidated financial statements.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to IFRS Accounting Standards – volume 11	1 January 2026

**IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments**

The amendments to IFRS 9 and IFRS 7 addresses three changes:

- Derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.



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### Notes to the consolidated financial statements (continued)

#### 4 Changes in accounting policies (continued)

##### 4.2 IASB Standards issued but not yet effective (continued)

###### IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments (continued)

- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

###### IFRS 18 Presentation and Disclosure in Financial Statements

The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- Two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- The classification of all income and expenses within the statement of profit or loss in one of five categories
- Disclosures of management-defined performance measures (MPM)
- An improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'. The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

Management is currently working to identify all of the impacts that IFRS 18 will have on the primary consolidated financial statements and notes to the consolidated financial statements.

###### IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

Management does not anticipate adoption of the new standard for its consolidated financial statements of the Group.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 4 Changes in accounting policies (continued)

##### 4.2 IASB Standards issued but not yet effective (continued)

###### Annual Improvements to IFRS Accounting Standards – volume 11

The annual improvement project updates a number of standards primarily providing clarifications and removing inconsistencies.

Management does not anticipate adoption of the amendments will have a significant impact on the Group's consolidated financial statements.

#### 5 Material accounting policy information

The material accounting policies adopted in the preparation of consolidated financial statements are set out below:

##### 5.1 Basis of consolidation

The Group controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements.

All transactions and balances between Group's companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group's companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent Company and the non-controlling interests based on their respective ownership interests.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of i) fair value of consideration transferred, ii) the recognised amount of any non-controlling interest in the acquiree and iii) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in consolidated statement of profit or loss immediately.

##### 5.3 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (e.g. regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels). The Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.

##### 5.4 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products and services.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.4 Revenue (continued)

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises revenue from the following major sources:

##### 5.4.1 Revenue from projects under development

The Group allocates the transaction price to the performance obligations in a contract, based on the input method, which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable can be measured reliably.

##### 5.4.2 Rental income

Rental income arising from investment properties is accounted for on a straight-line basis over the lease term.

##### 5.4.3 Rendering of services including health club membership

Membership fees for the health club are recognised over time as the services are provided during the membership period. Any fees related to future periods are presented in the consolidated statement of financial position as deferred revenue until the services are delivered.

##### 5.5 Dividend

Dividend income is recognised when the Group's right to receive the payment is established.

##### 5.6 Interest and similar income

Interest and similar income are recognised on accrual basis using the effective interest method

##### 5.7 Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their occurrence.

##### 5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.9 Taxation

###### 5.9.1 National Labour Supporting tax

The National Labour Support Tax (NLST) is calculated at 2.5% of the profit for the year attributable to the owners of the Parent Company in accordance with the Ministry of Finance resolution No. 24 for the year 2006 and Law No. 19 for the year 2000.

###### 5.9.2 Zakat

Contribution to Zakat is calculated at 1% of the profit for the year attributable to the owners of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007.

###### 5.9.3 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiary, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

###### 5.9.4 Income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date.

Deferred income tax is calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is, however, neither provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised.

##### 5.10 Leases

###### *The Group as a lessee*

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.10 Leases (continued)

###### *The Group as a lessee (continued)*

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

###### *Right-of-use asset*

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group accounts for its right-of-use assets as investment properties carried at fair value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Any gain or loss resulting from either a change in the fair value is immediately recognised in the consolidated statement of profit or loss.

###### *Lease liability*

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

###### *The Group as a lessor*

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

Rental income from operating leases is recognised on a straight-line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight-line basis over the lease term.

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.



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## Annual Report 2025

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### Notes to the consolidated financial statements (continued)

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#### **5 Material accounting policy information (continued)**

##### **5.11 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its property and equipment using the straight-line method at rates sufficient to write off the assets over their estimated useful economic lives. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate at each financial year end.

##### **5.12 Investment properties**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are estimated by management with the assistance of valuation provided by accredited external valuers.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

##### **5.13 Investment properties under development**

Investment properties under development represents property held for future use as investment property and is initially measured at cost. Subsequently, property under development are carried at fair value that is determined based on valuation performed by independent valuer at the end of each year using valuation methods consistent with the market conditions at the reporting date. Gains or losses from change in the fair value are recognised in the consolidated statement of profit or loss.

If the Group determines that the fair value of an investment property under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group measures that investment property under development at cost until either its fair value become reliably determinable or development is completed (whichever is earlier).

Investment properties under developments are classified as non-current assets, unless otherwise specified.

##### **5.14 Trading properties**

Trading properties are recorded at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each property to its present condition including the identified finance cost. Net realizable value is based on estimated selling price less any further cost expected to be incurred on completion and disposal. The cost of trading properties recognised in the consolidated statement of profit or loss is determined with reference to the costs incurred on the property sold to the extent of work completed.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.15 Capital work in progress

Capital work in progress is carried at cost less impairment in value (if any). Costs are those expenses incurred by the Group that are directly attributable to the construction of asset. Once completed, the asset is transferred to the respective assets class.

The carrying values of capital work in progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

##### 5.16 Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The difference in reporting dates of the associates and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

##### 5.17 Impairment testing of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.18 Financial instruments

##### 5.18.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of Group of similar financial assets) is derecognised when:

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset or
  - (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated statement of profit or loss.

##### 5.18.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through Other Comprehensive Income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

The Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.18 Financial instruments (continued)

##### 5.18.3 Subsequent measurement of financial assets

- **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost comprise of the following:

- *Cash and cash equivalents*

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, bank balances, cash held in investment portfolios and short-term highly liquid deposits with a maturity of twelve months or less, that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

- *Accounts receivable and other assets*

Accounts receivable and other assets are stated at original amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred

- *Due from related parties*

Due from related parties are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

- **Financial assets at FVTOCI**

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

##### *Equity investments at FVTOCI*

The Group's equity investments at FVOTCI comprises of investments in equity shares, debt instruments and funds. Investment in equity shares include both quoted and unquoted.

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.18 Financial instruments (continued)

##### 5.18.3 Subsequent measurement of financial assets (continued)

- **Financial assets at FVTOCI (continued)**

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

*Debt instruments at FVTOCI:*

The Group measures debt instruments at FVTOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

Debt instruments at FVTOCI are subsequently measured at fair value and gains and losses arising due to changes in fair value are recognised in other comprehensive income. Interest income and foreign exchange gains or losses are recognised in the consolidated statement of profit or loss and other comprehensive income. On derecognition, cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of profit or loss and other comprehensive income. The management of the Group classifies the debt instruments under debt securities at FVTOCI.

- **Financial assets at FVTPL**

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group's financial assets at FVTPL comprise investments in equity instruments.



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### Notes to the consolidated financial statements (continued)

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#### **5 Material accounting policy information (continued)**

##### **5.18 Financial instruments (continued)**

##### **5.18.4 Impairment of financial assets**

All financial assets except for those at FVTPL and equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets at amortised cost or at FVTOCI.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.



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### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.18 Financial instruments (continued)

##### 5.18.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, accounts payable and other liabilities, due to related parties and due to banks.

The subsequent measurement of financial liabilities depends on their classification as follows:

- **Financial liabilities at amortised cost**

These are stated using effective interest rate method. Due to banks, accounts payable and other liabilities, due to related parties and borrowings are classified as financial liabilities other than at FVTPL.

- *Bank loans and due to banks*

Bank loans and due to bank are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Islamic financing payables*

Islamic financing payables represent amounts payable on a deferred settlement basis for assets purchased under Murabaha, Tawaroq and Wakala payable arrangements. Islamic financing payables are stated at the gross amount of the payable, net of deferred finance cost. Deferred finance cost is expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

All the profit-related charges are included within finance costs.

- *Accounts payable and other liabilities*

Accounts payable and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

- *Due to related parties*

Due to related parties are financial liabilities arising in the normal courses of the business and are not quoted in an active market.

##### 5.19 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

##### 5.20 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

##### 5.21 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



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## Annual Report 2025

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### Notes to the consolidated financial statements (continued)

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#### **5 Material accounting policy information (continued)**

##### **5.22 Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

##### **5.23 Equity, reserves and dividend payments**

Share capital represents the nominal value of shares that have been issued and paid up.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the commercial companies' law and the Parent Company's memorandum of incorporation and articles of incorporation.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Kuwait Dinar.
- Cumulative changes in fair value – comprises gains and losses relating to financial assets at fair value through other comprehensive income and Group's share of cumulative changes in fair value reserve of associates.
- Treasury shares reserve – comprises gains and losses resulting from sales of treasury shares.

Retained earnings includes all current and prior period retained profit and loss. All transactions with owners of the Parent Company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by the General Assembly of shareholders.

##### **5.24 Provisions, contingent assets and contingent liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.



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## Annual Report 2025

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### Notes to the consolidated financial statements (continued)

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#### **5 Material accounting policy information (continued)**

##### **5.25 Treasury shares**

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. Treasury shares are accounted for under cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity. Treasury shares are not entitled to cash dividends that the Group may distribute. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

When the treasury shares are reissued, gains are recorded directly in "Treasury shares reserve" in the shareholders' equity. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and legal reserve. Subsequent to this, should profits arise from sale of treasury shares an amount is transferred to reserves and retained earnings equal to the loss previously charged to this account.

##### **5.26 Segment reporting**

The Group has three operating segments: real estate, investment and services. In identifying these operating segments, management generally follows the Group's significant services for each segment. Each of these operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

##### **5.27 Foreign currency translation**

###### **5.27.1 Functional and presentation currency**

The consolidated financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

###### **5.27.2 Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

###### **5.27.3 Foreign operations**

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 5 Material accounting policy information (continued)

##### 5.27.3 Foreign operations (continued)

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

##### 5.28 End of service indemnity

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

In addition, with respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. These contributions are expensed when due.

##### 5.29 Advances from customers

Advances from customers includes instalments received from buyers for properties sold or services performed and from tenants for lease of a property prior to meeting the revenue recognition criteria. These are subsequently released to the consolidated statement of profit or loss once the revenue recognition criteria are met or settle upon termination of contract by the Group.

##### 5.30 Related party transactions

Related parties are associates, major shareholders, board of directors, executive staff, their family members and the companies owned by them. All related party transactions are carried out with the approval of the Group's management.

#### 6 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### 6.1 Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

###### 6.1.1 Business model assessment

The Group classifies financial assets after performing the business model test. This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

###### 6.1.2 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, property under development or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the consolidated statement of profit or loss.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### **6 Significant management judgements and estimation uncertainty (continued)**

##### **6.1 Significant management judgments (continued)**

##### **6.1.2 Classification of real estate (continued)**

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business. And if such properties are under development with an intention of being sold in future they are classified under trading properties under development.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use. And if such properties are under development they are classified under investment properties under development.

##### **6.1.3 Control assessment**

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement

##### **6.1.4 Fair values of assets and liabilities acquired**

The determination of the fair value of the assets, liabilities and contingent liabilities as a result of business combination requires significant judgement.

##### **6.1.5 Judgements in determining the timing of satisfaction of performance obligations**

The determination of the whether or not performance obligation criteria set out in IFRS 15 relating to transfer of control of goods and services to customers has been satisfied requires significant judgement.

##### **6.1.6 Significant influence**

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the company.

##### **6.1.7 Business combinations**

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

##### **6.1.8 Significant increase in credit risk**

Estimated credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define "significant" increase. Therefore, assessment whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

#### **6.2 Estimates uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### **6.2.1 Impairment of associates**

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### **6 Significant management judgements and estimation uncertainty (continued)**

##### **6.2 Estimates uncertainty (continued)**

##### **6.2.2 Impairment of financial assets**

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

##### **6.2.3 Fair value of financial instruments**

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

##### **6.2.4 Revaluation of investment properties and investment properties under development**

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Where the Group determines that the fair value of an investment properties under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group measures these investment properties under development at cost until either its fair value become reliably determinable or development is completed (whichever is earlier). When the fair value becomes reliably measurable, the fair value of such properties may vary from the actual cost.

##### **6.2.5 Cost to complete the projects**

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

##### **6.2.6 Net realisable value of trading properties**

The Group carries its trading properties at the lower of cost and net realisable value. In determining whether the impairment losses should be recognised in the consolidated statement of profit or loss, management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the selling proceeds are lower than the anticipated costs to complete, an impairment provision is recognised for the identified loss event or condition to reduce the cost of development properties recognised within trading properties under development in the consolidated statement of financial position to net realisable value.



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## Notes to the consolidated financial statements (continued)

**7 Subsidiaries (continued)**

Name of subsidiary	Country of incorporation	Ownership Percentage		Principle activity
		31 Dec. 2025	31 Dec. 2024	
<i>Directly owned subsidiaries:</i>				
Habara Pearl Farm Company	USA	100%	100%	Investment
Al-Aqdain Kuwaiti for Real Estate Development Co – KSCC (7.1)	Kuwait	99.99%	99.99%	Real estate
Financial Group of Kuwait Co. – KSC (Holding) (7.4)	Kuwait	-	99.99%	Investment
KREC Meeker Debt Company Limited	Cayman Islands	100%	100%	Investment
KREC Meeker Equity Company Limited	Cayman Islands	100%	100%	Investment
IFA Hotels and Resorts Co. – S.A.L (Lebanon) (7.2)	Lebanon	100%	100%	Real estate
Al-Fereej International Real Estate Co. – WLL (7.1)	Kuwait	99%	99%	Real estate
Al Mottahida General Investment – LLC (7.3)	UAE	-	99%	Real estate
Al Durrar General Investment – LLC (7.3)	UAE	-	99%	Real estate
International Resorts Company - KSC	Kuwait	70.27%	70.27%	Real estate
Aqarat th8 Investment LTD (7.3)	Cayman Islands	-	100%	Real Estate
Active Holding Company – KSC (Closed)	Kuwait	100%	100%	Real Estate
Assjad Al-Kuwait General Trading and Contracting Co. – WLL	Kuwait	51%	51%	General Trading and Contracting
KREC Real Estate Company - WLL	Kuwait	100%	100%	Real Estate
Eradat International Real Estate Co. – KSC (Closed)	Kuwait	62.47%	62.47%	Real Estate
Al Koot Investments LLC (7.3)	UAE	100%	100%	Real Estate Investment & Management

- 7.1 The remaining shares of these subsidiaries are held in the name of related parties as nominees on behalf of the Parent Company, who have confirmed in writing that the Parent Company is the beneficial owner of these shares.
- 7.2 The Group's subsidiary, IFA Hotels and Resorts Co. – S.A.L ("IFAHR Lebanon"), operates in Lebanon, which is currently experiencing significant economic and political instability, including hyperinflation, banking restrictions, and a sovereign debt default. These conditions have restricted the Group's ability to access IFAHR Lebanon's cash and other assets. Despite these challenges, management has assessed that it retains control over IFAHR Lebanon and continues to consolidate the subsidiary. Management has further assessed that the impact on the carrying value of the Group's investment in Lebanon is not material and no impairment is required as of the reporting date.



## Annual Report 2025

## Notes to the consolidated financial statements (continued)

**7 Subsidiaries (continued)**

7.3 During the year, the Parent Company transferred its ownership in certain subsidiaries, Al Mottahida General Investments LLC, Al Durar General Investments LLC and Aqarat Th8 Investment LTD, to one of its subsidiaries, "Al Koot Investments LLC". The transaction did not result in any gain or loss.

7.4 During the year, the Parent Company disposed of its subsidiary, Financial Group of Kuwait Co. – KSC (Holding). The transaction resulted in a gain of KD27,710.

7.5 *Subsidiaries with material non-controlling interests*

The Group includes the following subsidiaries with material non-controlling interests:

Company name	Proportion of ownership interests and voting rights held by the NCI		Profit / (loss) allocated to NCI		Accumulated NCI	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	%	%	%	%	%	%
<b>International Resorts Co. – KSCC</b>	<b>29.73%</b>	29.73%	<b>597,537</b>	902,720	<b>6,841,367</b>	6,243,830
<b>Eradat International Real Estate Company – KSCC</b>	<b>37.53%</b>	37.53%	<b>213,675</b>	264,734	<b>5,416,028</b>	5,202,353
<b>Assjad Al-Kuwait General Trading and Contracting Co. – WLL</b>	<b>49%</b>	49%	<b>6,531,141</b>	903,021	<b>8,758,867</b>	2,227,726
<b>KREC Investments Limited (7.5.1)</b>	<b>49.84%</b>	44%	<b>1,009,639</b>	(7,045)	<b>4,486,256</b>	2,599,856

7.5.1 During the year, non-controlling interests contributed an amount of KD876,761 in respect of their share of a capital call relating to KREC Investments Limited which is held indirectly by the Group through its subsidiary, Al Koot Investments LLC.

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Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.5 Subsidiaries with material non-controlling interests (continued)

Summarised financial information for the above subsidiaries, before intragroup eliminations, is set out below:

	International Resorts Co. - KSCC		Eradat Int. Real Estate Co. - KSCC		Assjad Al-Kuwait General Trading and Contracting Co. - WLL		KREC Investments Limited	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Non-current assets	2,266,640	5,222,167	54,770,671	54,779,871	18,178,995	320,271	5,446,160	-
Current assets	23,799,361	22,871,041	647,776	54,779	209,668	4,518,278	4,001,264	5,779,144
Total assets	26,066,001	28,093,208	55,418,447	54,834,650	18,388,663	4,838,549	9,447,424	5,779,144
Non-current liabilities	62,124	3,482,125	-	-	3,778	3,778	200,326	-
Current liabilities	3,649,747	3,580,188	40,908,133	40,893,681	77,577	61,503	218,886	-
Total liabilities	3,711,871	7,062,313	40,908,133	40,893,681	81,355	65,281	419,212	-
Equity attributable to shareholders of the parent company	15,512,763	14,787,065	9,094,286	8,738,616	9,548,441	2,545,542	4,541,956	3,179,288
Non-controlling interests	6,841,367	6,243,830	5,416,028	5,202,353	8,758,867	2,227,726	4,486,256	2,599,856
Revenue	5,707,822	5,901,721	4,785,677	3,217,117	-	-	-	-
Profit/(loss) for the year attributable to the shareholders of the parent company	1,411,723	2,132,737	355,670	440,658	6,797,718	939,880	1,015,884	(8,966)
Profit/(loss) for the year attributable to NCI	597,537	902,720	213,675	264,734	6,531,141	903,021	1,009,634	(7,045)
Profit / (loss) for the year	2,009,260	3,035,457	569,345	705,392	13,328,859	1,842,901	2,025,518	(16,011)
Total comprehensive income/(loss) for the year attributable to the shareholders of the parent company	1,419,606	2,134,739	355,670	440,658	6,797,718	939,880	1,015,884	(8,966)
Total comprehensive income/(loss) for the year attributable to NCI	600,898	903,603	213,675	264,734	6,531,141	903,021	1,009,634	(7,045)
Total comprehensive income/(loss) for the year	2,020,504	3,038,342	569,345	705,392	13,328,859	1,842,901	2,025,518	(16,011)
Net cash from / (used in) operating activities	10,651,629	(6,722,704)	592,997	149,063	(16,174)	(2,935)	666,850	-
Net cash (used in) / from investing activities	(386,470)	(39,065)	-	(103,541)	-	393	(5,446,160)	-
Net cash (used in) / from financing activities	(3,978,790)	(124,126)	-	-	16,072	2,875	-	5,779,144
Net cash outflow	6,286,369	(6,885,895)	592,997	45,522	(102)	333	(4,779,310)	5,779,144



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Notes to the consolidated financial statements (continued)

**8 Finance costs**

	<b>Year ended 31 Dec 2025</b>	Year ended 31 Dec 2024
	<b>KD</b>	KD
<i>On financial liabilities at amortised cost:</i>		
Bank charges	<b>34,425</b>	111,214
Due to banks	<b>237,115</b>	180,183
Borrowings	<b>12,310,104</b>	12,417,181
Lease liabilities	-	181,561
	<b>12,581,644</b>	12,890,139

**9 Basic and diluted earnings per share**

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by weighted average number of shares outstanding during the year excluding treasury shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<b>Year ended 31 Dec 2025</b>	Year ended 31 Dec 2024
	<b>KD</b>	KD
Profit for the year attributable to the owners of the Parent Company (KD)	<b>15,073,225</b>	13,414,640
Weighted average number of shares outstanding during the year (excluding treasury shares) (share)	<b>1,203,360,664</b>	1,189,563,172
<b>Basic and diluted earnings per share (Fils)</b>	<b>12.526</b>	11.277

The comparative weighted average number of shares used in the calculation of basic and diluted earnings per share has been adjusted to reflect the impact of bonus shares for the year ended 31 December 2024 and the increase in share capital (Notes 23 and 29). Earnings per share for the year ended 31 December 2024 were 13.84 fils before retroactive adjustment.



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## Notes to the consolidated financial statements (continued)

**10 Cash and cash equivalents**

	Year ended 31 Dec 2025	Year ended 31 Dec 2024
	KD	KD
Cash and bank balances	30,796,196	9,757,516
Cash in investment portfolios managed by others	669,870	423,003
Term deposits	-	2,175,487
<b>Cash and cash equivalents</b>	<b>31,466,066</b>	<b>12,356,006</b>
Less:		
Due to bank (note 18)	(4,932,729)	(5,181,424)
Restricted bank balances (note 10.1)	(20,577)	(41,885)
Term deposits with original maturity exceeding three months	-	(2,175,487)
<b>Cash and cash equivalents for the purpose of the consolidated statement of cash flows</b>	<b>26,512,760</b>	<b>4,957,210</b>

10.1 Restricted bank balances represent balances deposited in a bank located in Lebanon denominated in US Dollar.

**11 Financial assets at fair value through profit or loss**

	31 Dec 2025	31 Dec 2024
	KD	KD
Local quoted securities (note 11.1)	6,394,860	1,089,204
Local unquoted securities	43,889	91,517
Foreign quoted securities	12,995	5,978
Foreign unquoted securities (note 11.2)	7,288,232	11,613,924
Managed funds	9,224,548	5,037,754
	<b>22,964,524</b>	<b>17,838,377</b>

11.1 Quoted securities with carrying value of KD5,576,185 are pledged against borrowings (note 22).

11.2 During the year, foreign unquoted equity securities amounting to KD6,201,828 were reclassified to investments in associates (note 14.3).

11.3 The hierarchy for determining and disclosing the fair values of financial instruments is presented in Note 32.2.



## Annual Report 2025

## Notes to the consolidated financial statements (continued)

**12 Accounts receivable and other assets**

	31 Dec 2025	31 Dec 2024
	KD	KD
<b>Financial assets</b>		
Accounts receivable	11,451,883	10,163,425
Refundable deposits	1,064,136	540,815
Due on sale of investment properties	6,179	4,572,582
Other assets	3,127,757	2,798,918
	<b>15,649,955</b>	18,075,740
Provision for doubtful debts	<b>(6,365,133)</b>	(5,818,734)
	<b>9,284,822</b>	12,257,006
<b>Non-financial assets</b>		
Deferred commission on sale of trading properties	10,400,550	-
Advances to contractors and suppliers	8,810,613	1,944,606
Other assets	190,116	1,068,866
	<b>19,401,279</b>	3,013,472
	<b>28,686,101</b>	15,270,478

The carrying values of the financial assets included above approximate their fair values and all are due within one year.

The movement in the provision for doubtful debts is as follows:

	31 Dec 2025	31 Dec 2024
	KD	KD
At 1 January	5,818,734	5,818,734
Charge during the year	546,399	-
At 31 December	<b>6,365,133</b>	5,818,734



## Annual Report 2025

## Notes to the consolidated financial statements (continued)

**13 Trading properties**

The movement in the trading properties is as follows:

	31 Dec 2025	31 Dec 2024
	KD	KD
<b><i>Developed properties</i></b>		
Balance at the beginning of the year	15,419,790	9,615,005
Additions during the year	-	5,773,634
Disposals during the year	(3,135,193)	-
Transferred to investment properties	(2,638,441)	-
Foreign currency translation adjustments	(43,029)	31,151
	<b>9,603,127</b>	15,419,790
Provision for impairment in value	(1,451,230)	(1,451,230)
	<b>8,151,897</b>	13,968,560
<b><i>Under development properties</i></b>		
Balance at the beginning of the year	23,214,029	-
Transferred from investment properties	-	20,556,527
Additions during the year	8,300,892	2,657,502
	<b>31,514,921</b>	23,214,029
Balance at the end of the year	<b>39,666,818</b>	37,182,589

13.1 The Group's trading properties are located in Lebanon and UAE.



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## Notes to the consolidated financial statements (continued)

**14 Investment in associates**

14.1 Details of the associates are set out below:

Name of associate	Country of incorporation	Ownership Percentage		Principal activities
		31 Dec. 2025	31 Dec. 2024	
		%	%	
Kuwait Building Materials Manufacturing – KSCC	Kuwait	<b>24.58</b>	24.58	Manufacturing
National Slaughter House Co. – KSCC	Kuwait	<b>44.5</b>	44.5	Consumer goods
EFS Facilities Services General Trading and Contracting Company – WLL	Kuwait	<b>50</b>	50	General trading and contracting
KREC Yotel Miami Debt Co. Limited (14.1.1)	Cayman Islands	<b>100</b>	100	Investment
KREC Yotel Miami Equity Co. Limited (14.1.1)	Cayman Islands	<b>100</b>	100	Investment
Zamzam for Religious Tourism Co. – KSCC	Kuwait	<b>32.5</b>	32.5	Religious tourism
KREC Debt Company Limited	Cayman Islands	<b>43.03</b>	43.03	Investment
KREC Equity Company Limited	Cayman Islands	<b>43.03</b>	43.03	Investment
Seven Seas Resorts Company – KSCC (14.1.2)	Kuwait	<b>40</b>	-	Real estate
Aurum (Cayman) Limited	Cayman Islands	<b>30</b>	-	Holding Company

All the above associates are unquoted.

14.1.1 The Group waived part of its voting right in these investees to a third party. Accordingly, the Group does not control these investees. However, the Group classified these investees as associates because it is able to exercise significant influence over the operations of associates.

14.1.2 During the year, the Group acquired 40% interest in Seven Seas Resorts Company – KSCC. Accordingly, the Group's management has the ability to exercise significant influence over the investee resulting in its classification as an associate.

14.2 Following is the movement for the investment in associates during the year:

	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD
At 1 January	<b>11,678,960</b>	12,949,186
Additions / capital contribution	<b>19,228,645</b>	1,588,878
Share of results	<b>2,168,597</b>	(2,029,236)
Dividends	<b>(37,266)</b>	(74,536)
Share of other comprehensive income	<b>(412,915)</b>	(755,332)
At 31 December	<b>32,626,021</b>	11,678,960



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 14 Investment in associates (continued)

14.3 During the year, the Group obtained representation on the board of directors of one of its investees, Aurum (Cayman) Limited, in which the Group holds a 30% ownership interest with a carrying value of KD6,201,828 and had previously been classified as a financial asset at fair value through profit or loss. Accordingly, the Group's management has the ability to exercise significant influence over the investee. Consequently, the Group has reclassified the investment as an investment in an associate.

The reclassification of the investment as an associate resulted in provisional gain on bargain purchase of KD10,123,409. The provisional fair value of the identifiable assets and liabilities as at the date of acquisition of the above investee are as follows:

	KD
Total assets	<b>235,880,356</b>
Total liabilities	<b>181,462,900</b>
Net assets	<b>54,417,456</b>
Purchase consideration	<b>6,201,828</b>
Share of net assets acquired	<b>(16,325,237)</b>
Gain on bargain purchase	<b>(10,123,409)</b>

The fair value of identifiable assets and liabilities acquired were provisionally determined by the Group's management. The estimates referred above, and resultant gain on bargain purchase, are subject to revision within twelve months of the acquisition date.

## Annual Report 2025

## Notes to the consolidated financial statements (continued)

**14 Investment in associates (continued)**

14.4 Summarised financial information in respect of the Group's material associates are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates, if any.

	KREC Yotel Miami Debt Company Limited		KREC Yotel Miami Equity Company Limited		Aurum (Cayman) Limited	
	31 Dec 2025 KD	31 Dec 2024 KD	31 Dec 2025 KD	31 Dec 2024 KD	31 Dec 2025 KD	31 Dec 2024 KD
<b>Summarised statement of financial position - 31 December</b>						
Total assets	5,050,561	4,101,773	3,428,406	3,099,040	202,183,334	-
Total liabilities	(129,107)	(69,812)	(128,538)	(107,239)	(143,478,581)	-
Equity attributable to the owners of the associate	4,921,454	4,031,961	3,299,868	2,991,801	58,704,753	-
Group's ownership interest	100%	100%	100%	100%	30%	-
Group's share of net assets of the associate	4,921,454	4,031,961	3,299,868	2,991,801	17,611,426	-
Carrying value of Group's ownership interest	4,921,454	4,031,961	3,299,868	2,991,801	17,611,426	-
<b>Summarised statement of profit or loss – year / period ended 31 December</b>						
Income / (loss) for the year / period	291,546	(3,834,192)	307,661	1,593,455	62,696,847	-
Profit / (loss) for the year / period	291,546	(3,834,192)	285,283	1,574,755	4,287,297	-
Total comprehensive income / (loss) for the year / period	517,020	(3,834,192)	458,644	1,574,755	4,287,297	-

14.5 As the associates are individually considered immaterial to the Group, the following is the aggregate information of the associates:

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Group's share of results	305,579	230,201
Group share of other comprehensive income	(811,750)	(755,332)
Group's share of the total comprehensive income	(506,171)	(525,131)
Aggregate carrying amount of Group's interest in associates	6,793,273	4,655,198
Dividends	37,266	74,536



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 15 Financial assets at fair value through other comprehensive income

	31 Dec 2025 KD	31 Dec 2024 KD
Local quoted securities	67,409,424	53,527,962
Local unquoted securities	5,850,592	4,838,709
Foreign unquoted securities	13,465,217	11,989,640
Debt instruments	6,581,760	6,502,661
Managed funds	8,354,636	6,214,628
	<b>101,661,629</b>	<b>83,073,600</b>

These investments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these financial assets as at FVTOCI as it believes that recognising short-term fluctuations in the fair value of these financial assets in consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these financial assets for long-term purposes and realising their performance potential in the long run. The above financial assets represent investment in various business sectors as follows:

	Financial services KD	Real estate KD	Consumer services KD	Others KD	Total KD
<b>31 December 2025</b>					
Local quoted securities	27,623,069	37,892,662	569,362	1,324,331	67,409,424
Local unquoted securities	399,003	153,131	5,138,958	159,500	5,850,592
Foreign unquoted securities	8,770	12,441,406	937,205	77,836	13,465,217
Debt instruments	-	6,581,760	-	-	6,581,760
Managed funds	-	8,354,636	-	-	8,354,636
	<b>28,030,842</b>	<b>65,423,595</b>	<b>6,645,525</b>	<b>1,561,667</b>	<b>101,661,629</b>
<b>31 December 2024</b>					
Local quoted securities	10,764,117	41,428,615	322,147	1,013,083	53,527,962
Local unquoted securities	709,721	135,777	3,983,711	9,500	4,838,709
Foreign unquoted securities	8,770	11,101,846	255,564	623,460	11,989,640
Debt instruments	-	6,502,661	-	-	6,502,661
Managed funds	-	6,214,628	-	-	6,214,628
	<b>11,482,608</b>	<b>65,383,527</b>	<b>4,561,422</b>	<b>1,646,043</b>	<b>83,073,600</b>

Debt instruments represent promissory notes of foreign companies and carry annual interest rate 9% (31 December 2024: 9%).

Quoted and unquoted securities with carrying value of KD32,092,955 (2024: KD31,443,164) are pledged against borrowings (note 22).

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 32.2.



## Annual Report 2025

## Notes to the consolidated financial statements (continued)

**16 Properties under development**

	31 Dec 2025	31 Dec 2024
	KD	KD
<b>Cost</b>		
Land costs	2,835,820	2,183,842
Development costs	-	5,683,742
<b>Carrying value at the beginning of the year</b>	<b>2,835,820</b>	<b>7,867,584</b>
Development costs charged for the year	2,166,812	2,780,137
Transferred to investment properties (note 16.1)	(5,002,632)	(7,867,584)
Change in fair value during the year	-	55,683
<b>Carrying value at end of the year</b>	<b>-</b>	<b>2,835,820</b>

16.1 Properties with an aggregate carrying value of KD5,002,632 were under development and have been completed during the year and transferred to investment properties.

**17 Investment properties**

	Owned properties KD	Leased properties KD	Total KD
<b>31 December 2025:</b>			
Balance at the beginning of the year	251,966,916	9,335,540	261,302,456
Additions during the year	1,793,307	-	1,793,307
Transferred from trading properties (note 13)	2,638,441	-	2,638,441
Transferred from properties under development (note 16.1)	5,002,632	-	5,002,632
Change in fair value during the year	9,045,816	(9,335,540)	(289,724)
Exchange adjustment	(523,926)	-	(523,926)
Balance at the end of the year	<b>269,923,186</b>	<b>-</b>	<b>269,923,186</b>
<b>31 December 2024:</b>			
Balance at the beginning of the year	244,477,562	9,153,969	253,631,531
Additions during the year	2,652,306	8,232,000	10,884,306
Transferred from properties under development	7,867,584	-	7,867,584
Transferred to trading properties	(20,556,527)	-	(20,556,527)
Change in fair value during the year	17,525,991	(8,050,429)	9,475,562
Balance at the end of the year	251,966,916	9,335,540	261,302,456



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Notes to the consolidated financial statements (continued)

**17 Investment properties (continued)**

17.1 The Group’s investment properties are located as follows

	31 Dec 2025	31 Dec 2024
	KD	KD
Kuwait	<b>189,781,895</b>	191,983,542
UAE	<b>78,626,479</b>	67,789,904
Other MENA countries	<b>1,514,812</b>	1,529,010
	<b>269,923,186</b>	261,302,456

17.2 Investment properties with a carrying value of KD244,929,739 (2024: KD216,766,190) are pledged against borrowings and due to banks (notes 22 and 18).

17.3 Leased properties represent the properties under the BOT contracts signed with the Ministry of Finance - State Properties department, Kuwait.

Note 32.3 sets out the measurement basis of fair value of the investment properties.

**18 Due to banks**

This represents outstanding balance of the credit facilities granted to the Group by local banks in the form of overdraft facilities. The facilities carry an annual profit rate of 0.75% - 1.5% (2024: 0.75% - 1.5%) above the Central Bank of Kuwait discount rate.

The due to banks balance is secured against mortgage of certain investment properties (note 17).



## Annual Report 2025

## Notes to the consolidated financial statements (continued)

**19 Accounts payable and other liabilities**

	31 Dec 2025	31 Dec 2024
	KD	KD
<b>Financial liabilities</b>		
Accounts payable (note 19.1)	5,316,592	6,677,050
Accrued interest	2,171,496	2,159,387
Accrued expenses and leave	3,525,123	1,470,668
Provision for National Labour Support Tax	2,191,253	2,497,880
Provision for Zakat	980,049	974,723
Provision for KFAS (note 19.2)	320,999	264,472
Dividends payable	2,018,905	1,321,270
Refundable deposits	2,132,828	2,398,800
Other liabilities	1,334,747	1,859,837
	<b>19,991,992</b>	<b>19,624,087</b>
<b>Non-financial liabilities</b>		
Advance rent	416,693	221,724
Other liabilities	763,768	2,082,237
	<b>1,180,461</b>	<b>2,303,961</b>
	<b>21,172,453</b>	<b>21,928,048</b>

19.1 During previous years, the Group sold certain plots of land located in the Mahboula area of Kuwait, which were jointly owned with other parties. Net proceeds received on behalf of these parties from the sale transactions have been recognised under accounts payable, which amounted to KD2,183,014 as at 31 December 2024.

During the year, the Group obtained a legal opinion from the Group's legal counsel confirming that the Group has no legal obligation to settle these amounts which have remained outstanding for no less than 10 years past their due date. Accordingly, the Group's management decided to derecognise the related payables, amounting to KD2,183,014, and recognised them as an income on reversal of liabilities no longer required to the consolidated statement of profit or loss.

19.2 The Parent Company's management believes that the legislature has not issued a law on the contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and thus it is not a tax. KFAS is a private institution in accordance with the law. There is no provision in the Companies' Law or in the Parent Company's memorandum of association and article of association obligating the Parent Company to apply this deduction. In spite of the above, the Ministry of Commerce and Industry (MOCI) has recently issued instructions requiring inclusion of this deduction until it is approved to hold the general assembly.

Therefore, the Parent Company's management decided to charge a provision as a precautionary procedure only even though it believes no amount is due from the Parent Company, particularly because the MOCI had issued similar instructions which were previously reversed.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 20 Advances from customers

Advances received from customers against sale of trading properties under development related to “Al Tay Hills” project located in Sharjah in the United Arab Emirates. The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied as at 31 December 2025 is AED3,194,811,067 equivalent to KD265,169,319. The Group expects to recognise these unsatisfied performance obligations as revenue over a period of 4 years.

The movement in advances received from customers is as follows:

	31 Dec 2025
	KD
Balance at the beginning of the year	-
Advances received during the year	38,095,336
Exchange adjustment	87,614
Balance at end of the year	38,182,950

Al Tay Hills project, is a landmark residential development in Sharjah, UAE, developed by the Group in partnership with IFA Hotels & Resorts (a related party). The project estimated cost is AED3.5 billion spans over 6 million square feet and is designed to offer a luxurious and sustainable living experience. It comprises 1,100 residential units including villas and townhouses.

#### 21 Lease liabilities

	31 Dec 2025	31 Dec 2024
	KD	KD
At 1 January	8,232,000	7,860,289
Lease modification	-	8,232,000
Additions during the year	640,351	-
Finance costs charged for the year	-	371,711
Settled during the year	(8,232,000)	(8,232,000)
At 31 December	640,351	8,232,000

As of the reporting date, the Ministry of Finance has not formally renewed or extended certain BOT lease contracts. Management is currently assessing the status and potential implications of these arrangements.



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Notes to the consolidated financial statements (continued)

**22 Borrowings**

	<b>31 Dec 2025</b>	31 Dec 2024
	<b>KD</b>	KD
Islamic financing payables (i)	<b>182,043,797</b>	184,362,837
Term loans (ii)	<b>48,975,846</b>	38,984,742
<b>Total</b>	<b>231,019,643</b>	223,347,579
Borrowings in KD	<b>190,670,220</b>	185,273,973
Borrowings in other currencies	<b>40,349,423</b>	38,073,606
<b>Total</b>	<b>231,019,643</b>	223,347,579

The borrowings due for repayment as follows:

	<b>31 Dec 2025</b>	31 Dec 2024
	<b>KD</b>	KD
Within one year	<b>17,086,122</b>	23,605,945
Over one year	<b>213,933,521</b>	199,741,634
<b>Total</b>	<b>231,019,643</b>	223,347,579

i) Islamic financing payables represent the following

- Outstanding Murabaha payables, Wakala payables and Tawarruq payables of KD180,143,797 represent obtained in Kuwaiti Dinar from local Islamic banks, carry an annual profit rate of .75% - 1.5% (2024: 0.75% - 1%) over CBK discount rate and repayable in different unequal instalments ending on 01 May 2039.
- Outstanding Wakala payable of KD1,900,000 obtained in Kuwaiti Dinar from local Islamic banks, carry an annual profit rate of 1.5% (2024: 1.5%) over CBK discount rate and repayable on quarterly instalments ending on 7 September 2029.

ii) Term loans to represent the following:

- Outstanding term loans of KD40,349,423 obtained in AED from a foreign bank carry an average interest rate of EIBOR + 2.375% per annum risk premium (with a minimum floor of 4%) and are repayable in different unequal instalments ending on 2036.
- Outstanding term loans of KD3,626,423 obtained in Kuwaiti Dinar from a local bank, carry an annual interest rate of 1.5% (2024: 1.5%) over CBK discount rate and repayable in different unequal instalments ending on 30 June 2030.
- Outstanding revolving term loan of KD5,000,000 obtained in Kuwaiti Dinar from a local bank carry an annual interest rate of 1% over the CBK discount rate and are repayable in one instalment on 30 June 2026

Borrowings are secured by pledge of Group's certain financial assets at FVTPL, financial assets at FVTOCI and investment properties (notes 11, 15 and 17).



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Notes to the consolidated financial statements (continued)

**23 Share capital and share premium**

At 31 December 2025, the authorized, issued and fully paid up share capital of the Parent Company comprised of 1,224,128,285 shares of 100 fils each (31 December 2024: 1,004,206,962 shares of 100 fils each). All shares are cash shares.

During the year, the Parent Company’s share capital was increased by 60,252,417 shares through issuance of new shares which represents the bonus shares to the shareholders as approved by the General Assembly of the shareholders (Note 29). The capital increase was approved by the relevant authorities and registered in the commercial register on 15 May 2025.

On 18 June 2025, the Board of Directors of the Parent Company approved a 15% increase in the authorized share capital, through a cash increase from KD106,445,938 to KD122,412,829 through offering of 159,668,911 shares at a price of 200 fils per share (comprising a nominal value of 100 fils and a share premium of 100 fils). Following the increase, the authorized share capital will be divided into 1,224,128,285 shares with a nominal value of 100 fils per share. On 14 July 2025, the Extraordinary General Assembly of the shareholders approved the capital increase which has been documented in the commercial register with the Ministry of Commerce and Industry on 31 July 2025.

On 21 August 2025, the Capital Markets Authority approved the above capital increase.

On 3 November 2025, all regulatory procedures related to the increase of the Parent Company’s issued and paid-up capital to KD122,412,829 have been completed and documented to the commercial register with the Ministry of Commerce and Industry.

The share premium is non-distributable.

**24 Treasury shares**

	<b>31 Dec 2025</b>	31 Dec 2024
	<b>KD</b>	KD
Number of treasury shares	<b>8,625,590</b>	29,517,327
Percentage of ownership (%)	<b>0.705%</b>	2.94%
Market value (KD)	<b>3,277,724</b>	7,467,884
Cost (KD)	<b>3,334,958</b>	7,135,682

Reserves of the Parent Company equivalent to the cost of the treasury shares held are not available for distribution.



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Notes to the consolidated financial statements (continued)

**25 Statutory and voluntary reserves**

**Statutory reserve**

In accordance with the Companies Law and the Parent Company’s Memorandum of Incorporation and Articles of Association, 10% of the profit for the year attributable to the shareholders of the Parent Company (before contributions to KFAS, NLST, Zakat and directors’ remuneration) is required to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

**Voluntary reserve**

In accordance with the Parent Company’s Memorandum of Incorporation and Articles of Association, 10% of the profit for the year attributable to the shareholders of the Parent Company (before contributions to KFAS, NLST, Zakat and directors’ remuneration) should be transferred to voluntary reserve. There are no restrictions on distribution of voluntary reserve.

No transfer to reserves is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist.

The movement in the statutory and voluntary reserves is as follows:

	Statutory reserve KD	Voluntary reserve KD	Total KD
<b>Balance at 1 January 2025</b>	<b>20,940,734</b>	<b>8,784,579</b>	<b>29,725,313</b>
Transfer from retained earnings during the year	1,592,703	1,592,703	3,185,406
<b>Balances at 31 December 2025</b>	<b>22,533,437</b>	<b>10,377,282</b>	<b>32,910,719</b>
<b>Balance at 1 January 2024</b>	19,518,837	7,362,682	26,881,519
Transfer from retained earnings during the year	1,421,897	1,421,897	2,843,794
<b>Balance at 31 December 2024</b>	<b>20,940,734</b>	<b>8,784,579</b>	<b>29,725,313</b>



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Notes to the consolidated financial statements (continued)

**26 Other components of equity**

Movement in other components of equity is as follows:

	Treasury shares reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Total KD
<b>Balances at 1 January 2025</b>	<b>9,571,049</b>	<b>364,780</b>	<b>15,727,941</b>	<b>25,663,770</b>
Gain on sale of treasury shares	3,531,090	-	-	3,531,090
Gain on sale of financial assets at FVTOCI	-	-	(177,421)	(177,421)
<i>Other comprehensive (loss)/ income:</i>				
Net change in fair value of financial assets at FVTOCI	-	-	(5,924,692)	(5,924,692)
Share of other comprehensive income / (loss) of associates	-	346,579	(759,494)	(412,915)
Exchange differences arising on translation of foreign operations	-	(193,313)	-	(193,313)
<b>Balances at 31 December 2025</b>	<b>13,102,139</b>	<b>518,046</b>	<b>8,866,334</b>	<b>22,486,519</b>
<b>Balances at 1 January 2024</b>	7,236,573	(13,844)	(5,424,350)	1,798,379
Gain on sale of treasury shares	2,334,476	-	-	2,334,476
Gain on sale of financial assets at FVTOCI	-	-	(1,333,856)	(1,333,856)
<i>Other comprehensive income/(loss):</i>				
Net change in fair value of financial assets at FVTOCI	-	-	23,241,479	23,241,479
Share of other comprehensive income of associates	-	-	(755,332)	(755,332)
Exchange differences arising on translation of foreign operations	-	378,624	-	378,624
<b>Balances at 31 December 2024</b>	<b>9,571,049</b>	<b>364,780</b>	<b>15,727,941</b>	<b>25,663,770</b>



## Annual Report 2025

## Notes to the consolidated financial statements (continued)

**27 Reconciliation of liabilities arising from financing activities**

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Borrowings KD	Lease liabilities KD	Due to bank KD	Total KD
<b>At 1 January 2025</b>	<b>223,347,579</b>	<b>8,232,000</b>	<b>5,181,424</b>	<b>236,761,003</b>
Cash flows:				
• Repayment	(83,246,806)	(8,232,000)	(248,695)	(91,727,501)
• Proceeds	90,743,049	-	-	90,743,049
Non-cash transactions:				
• Lease additions	-	640,351	-	640,351
• Foreign currency adjustments	175,821	-	-	175,821
<b>At 31 December 2025</b>	<b>231,019,643</b>	<b>640,351</b>	<b>4,932,729</b>	<b>236,592,723</b>
<b>At 1 January 2024</b>	<b>199,051,069</b>	<b>7,860,289</b>	<b>3,561,368</b>	<b>210,472,726</b>
Cash flows:				
• Repayment	(29,614,386)	(8,232,000)	(27,016,428)	(64,862,814)
• Proceeds	53,860,028	-	28,636,484	82,496,512
Non-cash transactions:				
• Charged during the year	-	371,711	-	371,711
• Lease additions / modification	-	8,232,000	-	8,232,000
• Foreign currency adjustments	50,868	-	-	50,868
<b>At 31 December 2024</b>	<b>223,347,579</b>	<b>8,232,000</b>	<b>5,181,424</b>	<b>236,761,003</b>



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Notes to the consolidated financial statements (continued)

**28 Related party transactions and balances**

Related parties represent associates, directors and key management personnel of the Group, major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company’s management.

Details of significant related party transactions and balances are as follows:

	<b>31 Dec 2025</b>	31 Dec 2024
	<b>KD</b>	KD
<b>Amounts included in the consolidated financial position:</b>		
Due from related parties	<b>13,063,611</b>	14,524,805
Due to related parties	<b>1,980,825</b>	5,671,846
Due on sale of investment properties	<b>6,179</b>	16,979

Financial assets at fair value through other comprehensive income amounting to KD4,867,360 (2024: KD2,954,458) and financial assets at fair value through profit or loss amounting to KD1,328,826 (31 December 2024: KD1,011,644) are managed by a related party.

	<b>Year ended</b>	Year ended
	<b>31 Dec 2025</b>	31 Dec 2024
	<b>KD</b>	KD
<b>Transactions included in the consolidated statement of profit or loss:</b>		
Real estate rental income	<b>3,250,795</b>	3,333,430
Real estate operating expenses	<b>1,025,814</b>	653,542
General and administrative expenses	<b>393,968</b>	393,968
Provision charge for doubtful debts	<b>113,511</b>	-
<b>Key management compensation:</b>		
Salaries and short-term benefits	<b>307,348</b>	307,348
End of service benefits	<b>11,657</b>	11,657
Board of Directors’ remuneration	<b>60,000</b>	60,000



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Notes to the consolidated financial statements (continued)

**29 Proposed dividends and general assembly of shareholders**

Subsequent to the date of the consolidated statement of financial position, the board of directors have proposed to distribute bonus shares of 6% for the year ended 31 December 2025. The directors also propose remuneration to the board of directors of KD60,000. These proposals are subject to the approval of the general assembly and the regulatory authorities.

The Annual General Assembly of the shareholders of the Parent Company held on 15 May 2025 approved the consolidated financial statements for the year ended 31 December 2024 and the Board of Directors' proposal to distribute 6% bonus share to the shareholders of the Parent Company for the year ended 31 December 2024 (2023: 6% bonus share and cash dividends of 4 Fils per share). Furthermore, the General Assembly approved the Board of Directors' proposal to distribute directors' remuneration of KD60,000 for the year then ended (2023: KD60,000).

The Extraordinary General Assembly of the shareholders of the Parent Company held on 15 May 2025 approved to increase the authorized, issued and paid-up share capital of the Parent Company from KD100,420,696 to KD106,445,938 by issuing 6% bonus shares.

The Extraordinary General Assembly of the shareholders of the Parent Company held on 14 July 2025 approved to increase the authorized share capital of the Parent Company by 15% through a cash increase from KD106,445,938 to KD122,412,829.

**30 Segmental analysis**

The Group operates its activity in real estate and investment segments. The segmental analysis of total income and profit/(loss) for the activities are as follows:

	Real estate KD	Investment KD	Services KD	Unallocated KD	Total KD
<b>31 December 2025:</b>					
Income	23,672,518	15,901,687	360,359	2,948,236	42,882,800
Profit/(loss) for the year	11,090,874	15,901,687	360,359	(4,004,780)	23,348,140
Total assets	390,850,878	157,252,174	3,178,825	311,175	551,593,052
Total liabilities	234,691,011	57,532,259	5,705,692	1,324,584	299,253,546
Net assets	156,159,867	99,719,915	(2,526,867)	(1,013,409)	252,339,506
<b>31 December 2024:</b>					
Income/(loss)	33,134,947	757,036	(1,011,099)	490,096	33,370,980
Profit/(loss) for the year	20,244,807	757,036	(1,011,099)	(4,505,627)	15,485,117
Total assets	344,104,907	112,590,936	4,025,330	191,034	460,912,207
Total liabilities	236,736,102	21,928,048	5,696,749	1,171,379	265,532,278
Net assets	107,368,805	90,662,888	(1,671,419)	(980,345)	195,379,929



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Notes to the consolidated financial statements (continued)

**31 Risk management objectives and policies**

The Group’s activities expose it to variety of financial risks: e.g. market risk, credit risk and liquidity risk.

The board of directors’ policies for reducing each of the risks are discussed below.

The Group does not use derivative financial instruments based on future speculations.

The most significant financial risks to which the Group is exposed to are described below.

**31.1 Market risk**

**(a) Foreign currency risk**

The Group mainly operates in the GCC, other Middle Eastern countries, Europe and USA, and thus is exposed to foreign currency risk arising from various foreign currency exposures. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities and net investments in foreign operations.

To mitigate the Group’s exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored in accordance with the Group’s risk management policies. Generally, the Group’s risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows.

The Group had the following significant exposures denominated in foreign currencies, and translated into Kuwaiti Dinar with the closing rates at the end of the year:

	<b>31 Dec 2025</b>	31 Dec 2024
	<b>KD</b>	KD
USD	<b>45,863,698</b>	44,048,117
Euro	<b>937,205</b>	961,223
GBP	<b>10,192,522</b>	7,575,860
AED	<b>24,638,024</b>	78,850,402

The following table details the Group’s sensitivity to a 2% (2024: 2%) increase and decrease in the KD against above foreign currencies. The sensitivity analysis includes only outstanding foreign currencies denominated monetary assets and liabilities and adjusts their translation at the year end for a 2% change in foreign currency rates. A positive number below indicates an increase in profit and equity and a negative number indicates decrease in profit and equity. All other variables are held constant. There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

	<b>31 Dec 2025</b>	31 Dec 2024
	<b>KD</b>	KD
Results for the year	<b>964,898</b>	2,035,444
Equity	<b>667,731</b>	590,052

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group’s exposure to the foreign currency risk.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 31 Risk management objectives and policies (continued)

##### (b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to borrowing and due to banks.

The following table illustrates the sensitivity of the results for the year to a reasonably possible change in interest rates of +100 bps (1%) and –100 bps (1%) (2024: +100 bps (1%) and –100bps (1%)) with effect from the beginning of the year. The calculations are based on the Group's financial instruments held at each financial position date. All other variables are held constant. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

	31 Dec. 2025		31 Dec. 2024	
	+ 1 %	-1 %	+ 1 %	-1 %
	KD	KD	KD	KD
Results for the year	(2,359,524)	2,359,524	(2,285,290)	2,285,290

##### (c) Price risk

The Group is exposed to equity price risk with respect to its equity investments and debt instruments. These financial assets are classified either at fair value through profit or loss or at fair value through other comprehensive income.

To manage its price risk arising from investments in securities and debt instruments, the Group diversifies its investment portfolios. Diversification of the portfolio is done in accordance with the limits set by the Group.

The below table shows the sensitivity analysis for the Group with regard to its investment in securities and debt instruments, and it is determined based on possible price risks at the consolidated financial statements date. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If prices of financial securities had been 5% (2024: 5%) higher, the effect on the result for the year and equity would have been as follows.

	Result for the year		Equity	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	KD	KD	KD	KD
Financial assets at fair value through profit or loss	1,148,226	891,919	-	-
Financial assets at FVTOCI	-	-	5,083,081	4,153,680
	1,148,226	891,919	5,083,081	4,153,680

If prices of financial securities had been 5% (2024: 5%) lower, the effect on the results for the year and equity would have been equally the reverse as disclosed above.



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Notes to the consolidated financial statements (continued)

**31 Risk management objectives and policies (continued)**

**31.2 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy regarding exposure to credit risk requires monitoring these risks on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of clients in specific locations or businesses through diversification of its activities. It also obtains security when appropriate.

The Group’s exposure to credit risk is limited to the carrying amounts of financial assets recognised at the consolidated financial position date, as summarized below:

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD</b>	KD
Financial assets at fair value through other comprehensive income	<b>6,581,760</b>	6,502,661
Due from related parties	<b>13,063,611</b>	14,524,805
Accounts receivable and other assets	<b>9,284,822</b>	12,257,006
Cash and cash equivalents	<b>31,466,066</b>	12,356,006
	<b>60,396,259</b>	45,640,478

The Group’s management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

The credit risk for bank balances is considered negligible, since the counterparties are financial institution with high credit quality, except for restricted bank balances amount of KD20,577 (31 December 2024: KD41,885) located in Lebanon. Most of the global credit rating agencies significantly lowered the ratings of Lebanon as well the banker of the subsidiary because of the consequences of the economic and political events prevailing in Lebanon.

Information on other significant concentrations of credit risk is set out in note 31.4.



## Annual Report 2025

## Notes to the consolidated financial statements (continued)

**31 Risk management objectives and policies (continued)**
**31.3 Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, the Group's management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The table below summarises the maturity profile of the Group's liabilities based on contractual undiscounted repayment obligations.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The liquidity profile of financial liabilities is as follows:

	Within 3 months KD	3 - 12 months KD	Over 1 year KD	Total KD
<b>31 December 2025</b>				
<b>Liabilities</b>				
Borrowings	-	17,837,639	218,238,386	236,076,025
Lease liabilities	-	32,000	608,351	640,351
Provision for employees' end of services benefits	-	-	1,324,595	1,324,595
Due to related parties	-	1,980,825	-	1,980,825
Accounts payable and other liabilities	-	21,172,453	-	21,172,453
Due to banks	5,160,868	-	-	5,160,868
	<b>5,160,868</b>	<b>41,022,917</b>	<b>220,171,332</b>	<b>266,355,117</b>

**31 December 2024**

<b>Liabilities</b>				
Borrowings	-	24,485,746	204,676,976	229,162,722
Lease liabilities	-	8,232,000	-	8,232,000
Provision for employees' end of services benefits	-	-	1,171,381	1,171,381
Due to related parties	-	5,671,846	-	5,671,846
Accounts payable and other liabilities	-	21,928,048	-	21,928,048
Due to banks	5,446,972	-	-	5,446,972
	5,446,972	60,317,640	205,848,357	271,612,969



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 31 Risk management objectives and policies (continued)

##### 31.4 Geographical Concentration

The distribution of the financial assets according to their geographical area are as follows:

	Kuwait KD	Other MENA countries KD	USA, Europe and other countries KD	Total KD
<b>31 December 2025</b>				
Financial assets at FVTOCI	68,275,074	-	33,386,555	101,661,629
Due from related parties	13,063,611	-	-	13,063,611
Accounts receivable and other assets	3,287,475	24,582,308	816,318	28,686,101
Financial assets at fair value through profit or loss	12,223,657	4,000,541	6,740,326	22,964,524
Cash and cash equivalents	19,834,054	11,458,289	173,723	31,466,066
	<b>116,683,871</b>	<b>40,041,138</b>	<b>41,116,922</b>	<b>197,841,931</b>
<b>31 December 2024</b>				
Financial assets at FVTOCI	53,035,118	-	30,038,482	83,073,600
Due from related parties	12,200,008	2,324,797	-	14,524,805
Accounts receivable and other assets	14,476,598	-	793,880	15,270,478
Financial assets at fair value through profit or loss	10,548,488	-	7,289,889	17,838,377
Cash and cash equivalents	10,523,070	1,642,209	190,727	12,356,006
	<b>100,783,282</b>	<b>3,967,006</b>	<b>38,312,978</b>	<b>143,063,266</b>

#### 32 Fair value measurement

##### 32.1 Fair value hierarchy

The distribution of the financial assets according to their geographical area are as follows:

Fair value represents 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.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



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Notes to the consolidated financial statements (continued)

**32 Fair value measurement (continued)**

**32.2 Fair value measurement of financial instruments**

The carrying amounts of the Group’s financial assets and liabilities as stated in the consolidated statement of financial position are as follows:

	<b>31 Dec. 2025 KD</b>	31 Dec. 2024 KD
<b>Financial assets:</b>		
<b>At amortised cost:</b>		
Due from related parties	<b>13,063,611</b>	14,524,805
Accounts receivable and other assets	<b>9,284,822</b>	12,257,006
Cash and cash equivalents	<b>31,466,066</b>	12,356,006
<b>At fair value:</b>		
Financial assets at fair value through profit or loss	<b>22,964,524</b>	17,838,377
Financial assets at fair value through other comprehensive income	<b>101,661,629</b>	83,073,600
	<b>178,440,652</b>	140,049,794
<b>Financial liabilities:</b>		
<b>Financial liabilities at amortised cost</b>		
Borrowings	<b>231,019,643</b>	223,347,579
Lease liabilities	<b>640,351</b>	8,232,000
Provision for employees’ end of service benefits	<b>1,324,595</b>	1,171,381
Due to related parties	<b>1,980,825</b>	5,671,846
Accounts payable and other liabilities	<b>21,172,453</b>	21,928,048
Due to bank	<b>4,932,729</b>	5,181,424
	<b>261,070,596</b>	265,532,278

Management considers that the carrying amounts of loans and receivable and all financial liabilities, which are stated at amortized cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.



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Notes to the consolidated financial statements (continued)

**32 Fair value measurement (continued)**

**32.2 Fair value measurement of financial instruments (continued)**

The financial assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

**31 December 2025**

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Financial assets</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Local quoted securities	6,394,860	-	-	6,394,860
Local unquoted securities	-	-	43,889	43,889
Foreign quoted securities	12,995	-	-	12,995
Foreign unquoted securities	-	-	7,288,232	7,288,232
Managed funds	-	9,224,548	-	9,224,548
<b>Financial assets at fair value through other comprehensive income:</b>				
Local quoted securities	67,409,424	-	-	67,409,424
Local unquoted securities	-	-	5,850,592	5,850,592
Foreign unquoted securities	-	-	13,465,217	13,465,217
Debt instruments	-	-	6,581,760	6,581,760
Managed funds	-	8,354,636	-	8,354,636
	<b>73,817,279</b>	<b>17,579,184</b>	<b>33,229,690</b>	<b>124,626,153</b>

**31 December 2024**

**Financial assets**

**Financial assets at fair value through profit or loss:**

Local quoted securities	1,089,204	-	-	1,089,204
Local unquoted securities	-	-	91,517	91,517
Foreign quoted securities	5,978	-	-	5,978
Foreign unquoted securities	-	-	11,613,924	11,613,924
Managed funds	-	5,037,754	-	5,037,754

**Financial assets at fair value through other**

**comprehensive income:**

Local quoted securities	53,527,962	-	-	53,527,962
Local unquoted securities	-	-	4,838,709	4,838,709
Foreign unquoted securities	-	-	11,989,640	11,989,640
Debt instruments	-	-	6,502,661	6,502,661
Managed funds	-	6,214,628	-	6,214,628
	<b>54,623,144</b>	<b>11,252,382</b>	<b>35,036,451</b>	<b>100,911,977</b>

There have been no transfers between levels during the reporting period.



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Notes to the consolidated financial statements (continued)

**32 Fair value measurement (continued)**

**32.2 Fair value measurement of financial instruments (continued)**

**Measurement at fair value**

The methods and valuation techniques used for the purpose of measuring fair value are unchanged.

**a) Quoted securities**

Quoted securities represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1) and if the market for an investment is not active, the Group has established fair value by using valuation techniques.

**b) Unquoted securities**

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or observable market prices or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

**c) Debt securities**

The consolidated financial statements include holdings in unlisted debt securities which are measured at fair value. Fair value of such investments have been determined by reference to their observable prices, other than quoted, at the reporting date.

**d) Investment in managed funds**

Investment funds managed by other mainly comprise of unquoted units and the fair value of these units has been determined based on net assets values reported by the fund manager as of the reporting date.

**Level 3 fair value measurements**

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	<b>31 Dec 2025</b>	31 Dec 2024
	<b>KD</b>	KD
Opening balance	<b>35,036,451</b>	34,578,049
Additions	<b>3,018,412</b>	3,764,884
Reclassification to investment in associates	<b>(6,201,828)</b>	-
Disposals	-	(503,486)
Change in fair value	<b>1,376,655</b>	(2,802,996)
Closing balance	<b>33,229,690</b>	35,036,451



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 32 Fair value measurement (continued)

##### 32.2 Fair value measurement of financial instruments (continued)

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The fair value of financial instruments that are not traded in an active market (e.g unquoted securities) is determined by using valuation techniques. Fair value for the unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the reporting date.

The investment managers and Group's finance team in determining the fair value of these investments use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. In determining fair value, techniques such as recent transactions prices and adjusted net book value have been used.

The impact on consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

##### 32.3 Fair value measurement of non-financial assets

The Group's non-financial assets measured at fair value consist of investment properties and properties under development (the "properties"), buildings and lands. These properties are categorised as level 3 under the fair value hierarchy on a recurring basis at 31 December 2025 and 31 December 2024.

The fair value of the properties has been determined based on appraisals performed by independent, professionally qualified property valuers (two appraisals for local properties, of which one from a local bank, and one appraisal for foreign properties). The significant inputs and assumptions are developed in close consultation with management.

As of 31 December 2025 and 31 December 2024, for the valuation purpose, the Group has selected the lower value of the two valuations obtained for each local property.

##### **Buildings**

The fair values of the buildings that have been determined based on the fair value provided by independent and accredited valuers who have valued the buildings using income approach which capitalises the monthly estimated rental income stream, net of projected operating costs using a discount rate derived from the market yields. When actual rent differs materially from estimated rents, adjustments have been made to the estimated rental value. When using the estimated rental stream approach, adjustments to actual rental are incorporated for factors such as current occupancy levels, the terms of in-place leases, expectations for rentals from future leases and unlicensed rented areas.

##### **Lands**

The fair values of the lands that have been determined based on fair values provided by an independent and accredited valuers who has valued the lands using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use.



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Notes to the consolidated financial statements (continued)

**32 Fair value measurement (continued)**

**32.3 Fair value measurement of non-financial assets (continued)**

Further information regarding the level 3 fair value measurements is set out in the table below:

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<b>Buildings</b>				
Buildings	Estimated rental stream approach	Monthly economic rental value	KD 350 to KD2,564 (2024: KD241 to KD2,128)	Fair value increases if economic rental value increases, and vice versa.
<b>Lands</b>				
Lands	Market comparison approach	Estimated market price (per sq ft.)	KD3 to KD285 (2024: KD3 to KD215)	Higher the price per square meter, higher the fair value

The Group measurement of properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The movement in investment properties within this level from the beginning to the end of the year is disclosed in Note 17.



## Annual Report 2025

### Notes to the consolidated financial statements (continued)

#### 33 Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and other variables including risks related to the Group assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of the following:

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD</b>	KD
Borrowings (note 22)	<b>231,019,643</b>	223,347,579
Due to banks (note 18)	<b>4,932,729</b>	5,181,424
Lease liabilities (note 21)	<b>640,351</b>	8,232,000
Less:		
Cash and cash equivalents (note 10)	<b>(31,466,066)</b>	(12,356,006)
<b>Net debt</b>	<b>205,126,657</b>	224,404,997
<b>Equity</b>	<b>252,339,506</b>	195,379,929
<b>Net debt to equity ratio</b>	<b>81 %</b>	115%

#### 34 Contingent liabilities and commitments

Contingent liabilities represent letters of guarantee and capital commitments at the consolidated financial position date are as follows:

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD</b>	KD
Issued letters of guarantee	<b>16,011,845</b>	11,219,528
Capital commitments	<b>17,259,414</b>	9,192,646
	<b>33,271,259</b>	20,412,174



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### Notes to the consolidated financial statements (continued)

#### 35 Operating leases

Operating leases, in which the Group is the lessor, relate to investment properties owned or leased by the Group as well as held under head-lease arrangements. The terms of operating leases range between 1-5 years with one-year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the end of lease term.

#### 36 Subsequent events

Subsequent to the reporting date, geopolitical developments in the Middle East have continued to evolve. This has increased uncertainty and may affect economic conditions and financial markets. These events are considered non-adjusting as they do not relate to conditions existing at the reporting date.

The Group holds significant real estate assets valued using market based and income capitalization approaches and also investments measured using discounted cash flow techniques. These developments may affect property values, market conditions, capitalization rates, discount rates and future cash flow assumptions. As at the date of approval of these consolidated financial statements the financial impact cannot be reliably estimated. The Group continues to monitor the situation.

#### 37 Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation in the current year. Such reclassification does not affect previously reported net assets, net equity, net results for the year or net increase in cash and cash equivalents.



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