



شركة إنجازات للتنمية العقارية  
INJAZZAT REAL ESTATE DEVELOPMENT COMPANY

28 Years of  
Success

2025  
ANNUAL REPORT

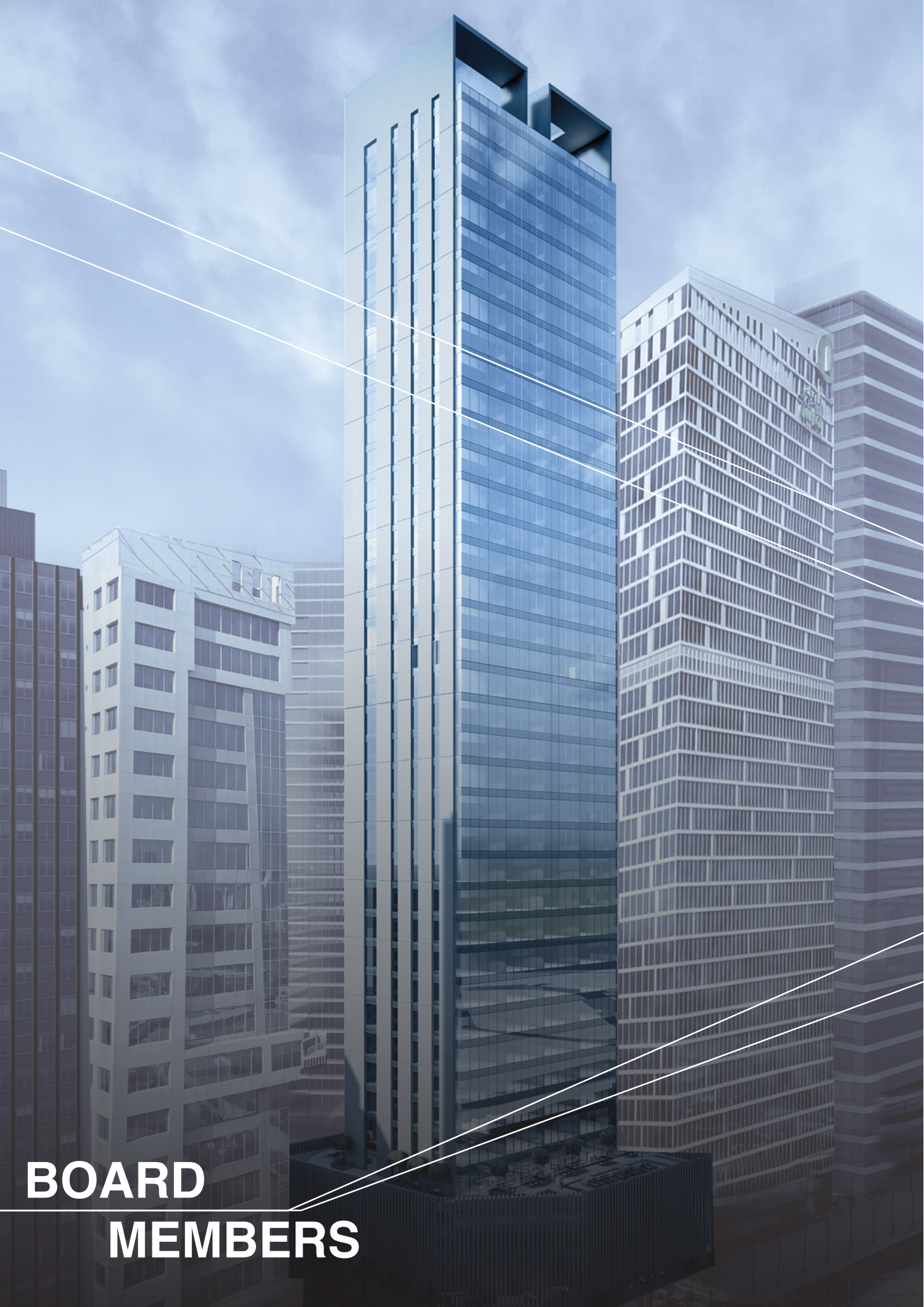




His Highness  
**Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah**  
The Amir of the State of Kuwait



His Highness  
**Sheikh Sabah Khaled Al-Hamad Al-Sabah**  
Crown Prince of the State of Kuwait



**BOARD  
MEMBERS**

**Mr. Khaled Abdullah Mirza**

Chairman of the Board

**Mr. Talal Sultan Al-Shehab**

Vice Chairman

**Mr. Wafa Haidar Al-Shehabi**

Member of the Board of Directors

**Mr. Gerard Snabian**

Member of the Board of Directors

**Mr. Mohammed Majed Al-Shaya**

Member of the Board of Directors

**Mr. Mohammed Hamad Al-Rabi'ah**

Member of the Board of Directors

**Mr. Faisal Saad Al-Saad**

Member of the Board of Directors



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**CHAIRMAN'S  
MESSAGE**

## Board of Directors' Report

### Dear Shareholders of Injazzat Real Estate Development Company Peace be upon you.

Dear Valued Shareholders,  
We are pleased to welcome you to the Ordinary General Assembly Meeting of Injazzat Real Estate Development Company for the financial year ended 31 December 2025. We hereby present to you the Company's annual report, which includes the audited annual financial statements, the corporate governance report, and highlights of the Company's key activities during the year ended 31 December 2025.

The year 2025 witnessed numerous political and economic changes and challenges at the local, regional, and global levels. Among the most notable economic developments was the commencement of global interest rate reductions, which added a sense of optimism to international financial markets. In addition, digital transformation and the increased reliance on artificial intelligence technologies have significantly contributed to reshaping the global economic landscape, making it more difficult to predict future supply and demand trends across various real estate asset classes. The year 2025 also saw the election of a new Board of Directors for Injazzat Real Estate Development Company and the appointment of a Chief Executive Officer to lead the Company toward broader economic horizons that will support the achievement of sustainable growth on an annual basis.

In the light of the foregoing, the management of Injazzat Real Estate Development Company succeeded in increasing operating revenues and maintaining high occupancy rates across most of its real estate investments. The Company also continued to oversee the development of several real estate projects currently under construction in the region, which are expected to be completed in 2026. These projects, alongside the Company's existing real estate investments, are anticipated to generate attractive recurring returns and achieve annual profits exceeding sector benchmarks. Furthermore, the Company continues to evaluate exit opportunities from certain real estate investments at appropriate times and to reinvest available financial surpluses in line with the Company's policies and future objectives.

Locally, the Company successfully entered into a contract for the development and operation of a school in Jaber Al-Ahmad City in partnership with a specialized educational company. This represents a qualitative shift in the nature of the Company's real estate investments. In addition, the Company continued the development and construction works of the Catamaran Tower, designated for administrative offices, in the Mirqab area. The tower comprises 44 floors and is expected to enhance the Company's real estate portfolio in the State of Kuwait.

The Company also continued to operate its owned units in Prime Tower, located on Ahmad Al-Jaber Street in the Sharq area, which have been leased to a Gulf bank in addition to other tenants.

Furthermore, the Company is currently in the process of completing the necessary procedures and obtaining the required licenses to commence the development and construction of a commercial complex in South Khaitan, State of Kuwait, in

cooperation with the Public Authority for Housing Welfare.

In the Gulf, the Company continued its operational activities for Catamaran I and Catamaran II Towers in the Kingdom of Bahrain through the sale of a number of residential units and the leasing of others, thereby ensuring the generation of stable and attractive recurring returns.

The Company also continued the construction of a residential tower in the Seef area under the name "Catamaran Verandas" in the Kingdom of Bahrain and commenced offering its units for sale, which is expected to enhance the Company's cash flows in the coming period.

In the United Arab Emirates, the Company maintained high occupancy and collection rates compared to its peers by adopting flexible and prudent policies, in addition to improving operating returns and aligning rental rates with prevailing real estate market prices in the UAE.

Across the Gulf region, the Company continued to seek the best real estate opportunities and to study optimal methods for maximizing the value of its owned properties in the GCC countries.

Internationally, the Company continued in 2025 to collect recurring rental income generated from its ownership of properties in the United States of America and the Federal Republic of Germany, thereby maintaining previously projected cash flow levels. The Company also remains keen on exploring new real estate opportunities that align with the rapidly evolving conditions in European and global markets.

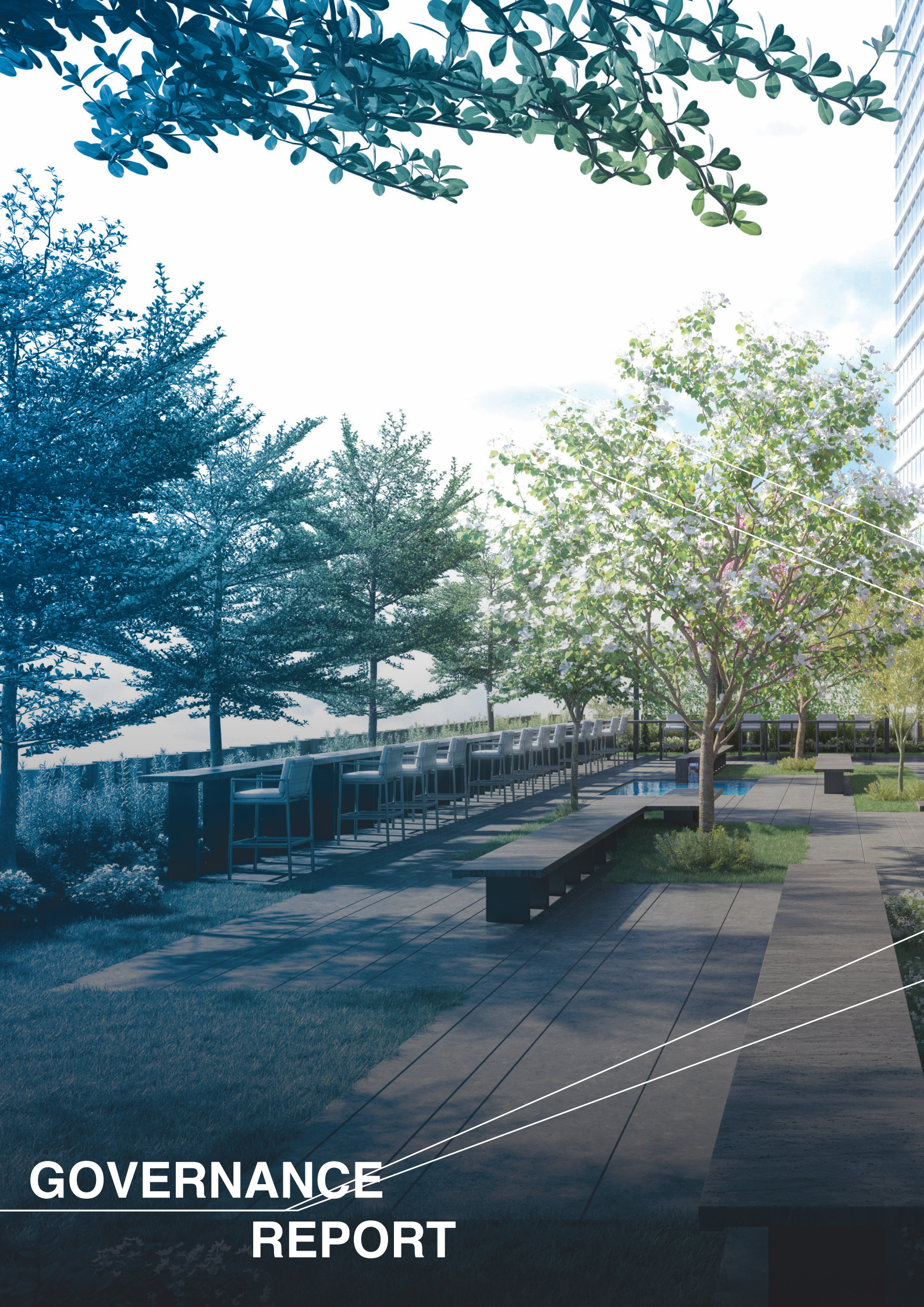
With regard to the Company's financial position, total assets amounted to KWD 103.4 million as at the end of 2025, compared to KWD 101.5 million at the end of 2024. Shareholders' equity reached KWD 61.0 million, compared to KWD 60.3 million in 2024. The Company also maintained the same level of loans and advances, amounting to KWD 36.5 million as at the end of 2025.

The Company achieved a net profit of KWD 2.636 million in 2025, equivalent to 7.74 fils per share, compared to a net profit of KWD 3.017 million in 2024, equivalent to 8.42 fils per share, after deducting taxes and the contribution to the Kuwait Foundation for the Advancement of Sciences. It is worth noting that rental revenues increased from KWD 2.91 million to KWD 3.405 million in 2025, representing a growth of approximately 17%.

In conclusion, I would like to extend my sincere gratitude to the former members of the Board of Directors, as well as to all current members of the Board of Directors of Injazzat Real Estate Development Company, for their valuable contributions and efforts, which played a significant role in achieving profitability levels that have enabled the Company to maintain its leading position among real estate companies in the region. This was clearly reflected in the Company's performance during 2025. I would also like to express my deep appreciation to all employees of the Company, its subsidiaries, and affiliated companies for their outstanding efforts throughout the year 2025.

**Khaled Mirza**  
Chairman





# GOVERNANCE REPORT



**Governance Report**  
**Injazzat Real Estate Development Company**  
**Financial year ended on**  
**31 December 2025**



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### Introduction

The Board of Directors of Injazzat Real Estate Development Company is committed to implementing the instructions of the regulatory authorities and the leading practices in the field of governance and compliance. Accordingly, the Company has been keen to strengthen the role of the control environment within the Company and to ensure the extent of the Company's compliance, as well as the compliance of its departments and activities, with the regulatory instructions and corporate governance rules in a manner that contributes to enhancing the principle of transparency, protecting the rights of shareholders and stakeholders, strengthening confidence in dealings, and enabling effective oversight of the Company's performance.

In light of the foregoing, the Board of Directors is pleased to present to the shareholders, in its annual corporate governance report, the key achievements of the Company relating to its compliance with the instructions of Messrs. Capital Markets Authority, as set forth in **Book Fifteen – Corporate Governance**. Below is a summary of the Company's key achievements in the implementation of the Corporate Governance Rules.

### **Rule One: Establishing a Balanced Structure of the Board of Directors**

The Company's Board of Directors consists of seven members as at 31 December 2025. The Board of Directors comprises a balanced structure that includes five non-executive members and two independent members. The composition of the Board of Directors is also characterized by diversity in the academic qualifications and professional experience of its members. The Board of Directors was elected at the Company's Ordinary General Assembly held on 17 April 2025.

### **Overview of the composition of the Board of Directors, and the academic qualifications and professional experience of the members of the Company's Board of Directors:**

- **Mr. Khaled Abdullah Mirza** – Chairman of the Board of Directors (Independent)

**Date of Election / Appointment:** 17/04/2025

#### **Academic Qualification and Professional Experience:**

- Holds Bachelor's degree in management from the Modern Academy for Computer Science and Information Technology.
- He has previously held several positions in the financial sector in the State of Kuwait and possesses professional experience spanning 20 years.

- **Mr. Talal Sultan Al-Shehab** – Vice Chairman of the Board of Directors (Non-Executive)

**Date of Election / Appointment:** 17/04/2025

#### **Academic Qualification and Professional Experience:**

- Holds Bachelor's degree in Accounting from Kuwait University.
- Has professional experience exceeding 20 years in the private, commercial, banking and investment sectors.

## Governance Report – for the Year Ended on 31 Dec 2025

- **Mr. Wafa Haidar Al-Shehabi** – Member of the Board of Directors (Non-Executive)

**Date of Election / Appointment:** 17/04/2025

### **Academic Qualification and Professional Experience:**

- Master's degree in Mechanical Engineering – University of Wisconsin, United States.
- Has professional experience in the fields of investment and industry exceeding 40 years.

- **Mr. Gerard Snabian** – Member of the Board of Directors (Non-Executive)

**Date of Election/ Appointment:** 17/04/2025

### **Academic Qualification and Professional Experience:**

- Master's degree in Commerce and Business Administration from the American University of Beirut.
- Professional experience exceeding 35 years in executive and leadership positions and on the boards of directors of local companies.

- **Mr. Mohammed Majed Al-Shaya** – Member of the Board of Directors (Independent)

**Date of Election / Appointment:** 17/04/2025

### **Academic Qualification and Professional Experience:**

- Diploma in Military Sciences from Ali Al-Sabah Military College in the State of Kuwait.
- Professional experience of 22 years and Executive Director in the field of wholesale and retail trade.
- Held positions on the boards of directors of several local companies and banks.

- **Mr. Mohammed Hamad Al-Rabe'ah** – Member of the Board of Directors (Non-Executive)

**Date of Election / Appointment:** 17/04/2025

**Academic Qualification and Professional Experience:**

- Diploma in Accounting – Public Authority for Applied Education and Training.
- Professional experience exceeding 10 years in the finance and real estate sectors.

- **Mr. Faisal Saad Al-Saad** – Member of the Board of Directors (Non-Executive)

**Date of Election / Appointment:** 17/04/2025

**Academic Qualification and Professional Experience:**

- Bachelor's degree in Finance and Financial Institutions from Kuwait University.
- 10 years of professional experience in the executive management of real estate companies inside and outside the State of Kuwait.

The Company's Board of Directors held (10) meetings during the year 2025. Below is a summary of the meetings of the Company's Board of Directors.

Name	1 9/2/2025	2 11/3/2025	3 18/3/2025	4 21/4/2025	5 30/4/2025	6 4/8/2025	7 17/9/2025	8 23/10/2025	9 30/10/2025	10 3/12/2025
Dr. Abdulmohsin Al-Medei	✓	✓	✓	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation
Mr. Bader Harnad Al-Rabe'ah	✓	-	-	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation
Mr. Mohammed Ibrahim Al-Farhan	✓	✓	✓	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation
Mr. Wafa Hardar Al-Shehabi	✓	-	✓	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation
Mr. Talal Sultan Al-Shehab	✓	✓	✓	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation
Ms. Reem Abdullah Al-Saleh	✓	✓	✓	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation
Mr. Ahmed Emad Al-Sager	✓	✓	✓	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation	Resignation
<b>Election of a new Board of Directors at the Ordinary General Assembly held on 17 April 2025 for a term of three years</b>										
Mr. Khaled Abdullah Mirza	-	-	-	✓	✓	✓	✓	✓	✓	✓
Mr. Talal Sultan Al-Shehab	-	-	-	✓	✓	✓	✓	✓	✓	-
Mr. Wafa Hardar Al-Shehabi	-	-	-	✓	✓	✓	✓	✓	✓	✓
Mr. Gerard Snabian	-	-	-	✓	✓	✓	✓	✓	✓	✓
Mr. Mohammed Majed Al-Shaya	-	-	-	✓	✓	✓	✓	✓	✓	✓
Mr. Mohammed Hamad Al-Rabe'ah	-	-	-	✓	-	✓	✓	✓	✓	✓
Mr. Faisal Saad Al-Saad	-	-	-	✓	✓	✓	✓	-	✓	✓

- The members of the Board of Directors submitted their resignations as of the date of the Ordinary General Assembly held on Thursday, 17 April 2025, and new members of the Board of Directors were elected on the same date of the Ordinary General Assembly.
- The new members of the Board of Directors convened on 21 April 2025, during which the Board of Directors was formed.
- The Board of Directors resolved to appoint **Mr. Ibrahim Ahmed Al-Mefrej** as Secretary of the Board of Directors and the committees emanating therefrom on 21 April 2025. He was selected from among the Company's employees in accordance with the requirements of Corporate Governance.

### **Implementation of the Requirements for Recording, Coordinating and Maintaining the Minutes of the Meetings of the Company's Board of Directors.**

The Company is keen to record, coordinate and maintain the minutes of the meetings of the Board of Directors. The minutes include the numbering of the minutes, the date, the starting and ending time of the meeting, the names of attendees and the place of the meeting. The discussions, deliberations and resolutions adopted by the Board during the meetings are also recorded in the minutes. The minutes of the meetings are signed by the Secretary of the Board and all attending members. The Secretary of the Board of Directors also monitors the implementation of all resolutions of the Board of Directors in coordination with all relevant departments of the Company. The minutes of each meeting are maintained under a serial number according to the year in a dedicated register kept securely within the Company. The Secretary possesses the qualifications that enable him to perform these duties and responsibilities, and is responsible for coordinating the meetings of the Board, submitting reports, and preparing and maintaining accurate minutes for each meeting separately.

### Independent Member Declaration

I, the undersigned, **Khaled Abdullah Mirza, Civil ID No.: 280100501346**, in my capacity as a member of the Board of Directors of **Injazzat Real Estate Development Company K.S.C.P.**, acknowledge my awareness of the independence requirements set forth in the instructions of the Capital Markets Authority “CMA”, and hereby declare the following:

1. I do not own 5% or more of the shares of the Company, nor do I represent any of the shareholders who own 5% or more of the shares of the Company.
2. I do not have any first-degree kinship with any of the members of the Board of Directors or the Executive Management of the Company, or in any of its group companies, or with any of the Company’s major related parties.
3. I am not a member of the board of directors of any company within the Company’s group.
4. I am not an employee of the Company, or of any company within its group, nor of any of the Company’s stakeholders.
5. I am not an employee of the legal persons who hold controlling interests in the Company.
6. I do not have any interest or relationship with the Company that may affect my independence. I also acknowledge that I am aware of the duties and responsibilities of an independent member of the Board of Directors, and I undertake to notify the Board of Directors immediately in the event of any change that may affect my independence in accordance with the provisions set forth above. Further, I bear responsibility for any obligation or violation that may be imposed on the Company as a result of my failure to notify the Company of any change that may affect my independence.

### **Declarant**

**Name:** Khaled Abdullah Mirza

**Signature:** 

**Date:** 11 February 2026




### Independent Member Declaration

I, the undersigned, **Mohammed Majed Al-Shaya, Civil ID No.: 282051900074**, in my capacity as a member of the Board of Directors of **Injazzat Real Estate Development Company K.S.C.P.**, acknowledge my awareness of the independence requirements set forth in the instructions of the Capital Markets Authority “CMA”, and hereby declare the following:

1. I do not own 5% or more of the shares of the Company, nor do I represent any of the shareholders who own 5% or more of the shares of the Company.
2. I do not have any first-degree kinship with any of the members of the Board of Directors or the Executive Management of the Company, or in any of its group companies, or with any of the Company’s major related parties.
3. I am not a member of the board of directors of any company within the Company’s group.
4. I am not an employee of the Company, or of any company within its group, nor of any of the Company’s stakeholders.
5. I am not an employee of the legal persons who hold controlling interests in the Company.
6. I do not have any interest or relationship with the Company that may affect my independence. I also acknowledge that I am aware of the duties and responsibilities of an independent member of the Board of Directors, and I undertake to notify the Board of Directors immediately in the event of any change that may affect my independence in accordance with the provisions set forth above. Further, I bear responsibility for any obligation or violation that may be imposed on the Company as a result of my failure to notify the Company of any change that may affect my independence.

### **Declarant**

**Name:** Mohammed Majed Al-Shaya

**Signature:** 

**Date:** 11 February 2026

### **Rule Two: Proper Determination of Duties and Responsibilities**

The Board of Directors undertakes all activities required for the management of the Company in accordance with its objectives. Such authority shall not be restricted except as stipulated by law, the Company's Memorandum of Association, or the resolutions of the General Assembly. The Company has an approved Delegation of Authority Manual adopted by the Board of Directors, which clearly defines the authorities of both the Board of Directors and the Executive Management. The Company also maintains a Board of Directors and Committees Charter to ensure the proper determination of duties and responsibilities. In addition, the Company has job descriptions for members of the Board of Directors and the Executive Management. Below is a brief overview of the duties of the Board of Directors and the Executive Management:

### **Responsibilities, Duties and Achievements of the Board of Directors:**

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

- Approving the objectives, strategies, plans and key policies of the Company.
- Approving the annual estimated budgets as well as the interim and annual financial statements.
- Overseeing the Company's major capital expenditures, acquisition of assets and disposition thereof.
- Ensuring the Company's compliance with the policies and procedures that ensure the Company's adherence to the applicable internal rules and regulations.
- Ensuring the accuracy and integrity of the data and information required to be disclosed in accordance with the applicable disclosure and transparency policies and systems.
- Establishing effective communication channels that enable the Company's shareholders to continuously and periodically review the various aspects of its activities and material developments.

- Forming specialized committees in accordance with a charter that specifies the term, authorities and responsibilities of each committee and the mechanism of the Board's oversight thereof. The formation resolution also includes the designation of members and the determination of their duties, rights and obligations, in addition to evaluating the performance and activities of such committees and their key members.
- Ensuring that the policies and regulations adopted by the Company are characterized by transparency and clarity in a manner that supports the decision-making process and the separation of authorities and powers between the Board of Directors and the Executive Management.
- Determining the authorities delegated to the Executive Management, the decision-making procedures and the duration of the delegation. The Board also determines the matters for which it retains decision-making authority, and the Executive Management submits periodic reports on its exercise of the delegated authorities.
- Supervising and overseeing the performance of the members of the Executive Management and ensuring that they perform all their duties.
- Determining the categories of remuneration to be granted to employees, such as fixed remuneration and performance-based remuneration.
- Appointing or dismissing any members of the Executive Management, including the Chief Executive Officer and those in similar positions.
- Developing a policy regulating the relationship with stakeholders in order to preserve their rights.
- Establishing a mechanism for regulating transactions with related parties in order to limit conflicts of interest.
- Ensuring, on a periodic basis, the effectiveness and adequacy of the internal control systems applied in the Company and its subsidiaries.
- Monitoring the performance of each member of the Board of Directors and the Executive Management in accordance with objective performance indicators.

During the year 2025, the Board of Directors carried out its duties and responsibilities in accordance with the instructions of the regulatory authorities.

**The Executive Management of the Company assumes the following general responsibilities:**

1. Supervising the implementation of the Company's corporate governance framework approved by the Board of Directors.
2. Implementing the strategies and business plans approved by the Board of Directors that reflect the long-term and short-term objectives and priorities.
3. Bearing full responsibility before the Board of Directors for all aspects of the Company's operations and performance.
4. Ensuring the existence and implementation of appropriate operational planning, risk management systems and financial control systems.
5. Closely monitoring operations and financial results in accordance with the plans and budgets.
6. Representing the Company before major clients, professional associations, service providers and regulatory authorities.
7. Preparing performance reports and submitting them to the Board of Directors in a manner characterized by transparency and comprehensiveness.
8. Complying with the requirements of the regulatory authorities.
9. Other duties assigned to the Executive Management in accordance with the directives of the Board of Directors and the instructions of the regulatory authorities.

**Board of Directors' Committees**

The Board of Directors has established specialized independent committees to assist it in carrying out the duties assigned thereto. The charters of these committees have been approved by the Board of Directors, their responsibilities have been defined, and their

members have been appointed in accordance with the academic qualifications and professional experience required for each committee, as follows:

### **First: Audit and Risk Management Committee**

The Board of Directors has formed an Audit and Risk Management Committee to perform its oversight role, which includes assisting the Board of Directors in verifying the adequacy of the internal control systems, overseeing internal audit and risk management activities, verifying the independence of the Company's external auditor and evaluating its performance.

### **Formation of the Audit and Risk Management Committee**

The Audit and Risk Management Committee was formed by the Board of Directors on 21 April 2025 as a standing committee that shall continue throughout the Board's term (three years).

Member Name	Position	Meeting No. (1) 09/02/2025	Meeting No. (2) 18/03/2025	Meeting No. (3) 30/04/2025	Meeting No. (4) 04/08/2025	Meeting No. (5) 29/10/2025
Mr. Hamad Emad Al-Saqer	Chairman	✓	✓	Resignation	Resignation	Resignation
Mr. Wafa Haidar Al-Shehabi	Member	✓	✓	Resignation	Resignation	Resignation
Ms. Reem Abdullah Al-Saleh	Member	✓	✓	Resignation	Resignation	Resignation
<b>Election of the Audit and Risk Management Committee effective from 21 April 2025 for a term of three years</b>						
Mr. Wafa Haidar Al-Shehabi	Chairman	-	-	✓	✓	✓
Mr. Talal Sultan Al-Shehab	Member	-	-	✓	✓	✓
Mr. Mohammed Majed Al-Shaya	Member	-	-	✓	✓	✓

The Committee consists of three members, including one “independent” member and two “non-executive” members. The Committee held five (5) meetings during the year 2025, as shown below:

### **Key Duties, Responsibilities and Achievements of the Audit and Risk Management Committee**

- Recommending to the Board of Directors the approval of the appointment of the internal auditor and determining his fees.
- Recommending to the Board of Directors the reappointment of the external auditors, determining their fees and reviewing their engagement letters.
- Following up on the work of the external auditors and ensuring that they do not perform any other services for the Company other than those required by the audit profession.
- Reviewing the observations of the external auditors on the Company’s financial statements and following up on the actions taken in this regard.
- Reviewing the accounting policies adopted and expressing its opinion and recommendations to the Board of Directors in this regard.
- Evaluating the adequacy of the internal control systems applied within the Company and preparing a report including the Committee’s recommendations in this respect.
- Reviewing the periodic financial statements and presenting them to the Board of Directors, expressing its opinion and recommending their approval.
- Reviewing and approving the audit plans proposed by the internal auditor and providing its observations thereon.
- Reviewing the results of the reports issued by the regulatory authorities and ensuring that the necessary actions have been taken in this regard.
- Ensuring the Company’s compliance with the relevant laws, policies, systems and instructions.
- Reviewing risk management strategies and policies.

- Reviewing periodic risk management reports and internal audit reports, and studying the key risks facing the Company.

### **Second: Nomination and Remuneration Committee**

The Nomination and Remuneration Committee aims to assist the Board of Directors in carrying out its supervisory responsibilities and duties to ensure the nomination of the required competencies for executive and managerial positions within the Company, and to ensure that such nominations are conducted within an institutional framework characterized by efficiency and full transparency, primarily serving the best interests of the Company and consequently achieving the objectives of the shareholders. The Committee also seeks to ensure the soundness and integrity of the remuneration and allowances policy adopted by the Company for members of the Board of Directors and the Executive Management, and to verify that the remuneration policy adopted by the Company is fair and contributes primarily to attracting human resources with professional competence and high technical capabilities, in addition to reinforcing the principle of loyalty to the Company.

### **Formation of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was formed by the Board of Directors on 21 April 2025 as a standing committee that shall continue throughout the Board's term (three years). The Committee consists of Four members, including two "non-executive" members and two "independent" members.

## Governance Report – for the Year Ended on 31 Dec 2025

The Committee held three meetings during the year 2025, as shown below:

Sr.	Name of Member	Capacity	Meeting (1) 05/02/2025	Meeting (2) 11/03/2025	Meeting (3) 21/04/2025
1	Dr. Abdulmohsin Al-Medej	Chairman	✓	✓	Resignation
2	Mr. Bader Hamad Al-Rabe'ah	Member	✓	-	Resignation
3	Ms. Reem Abdullah Al-Saleh	Member (Independent)	✓	✓	Resignation
<b>Election of the Nomination and Remuneration Committee effective from 21 April 2025 for a term of three years</b>					
1	Mr. Khaled Abdullah Mirza	Chairman (Independent)	-	-	✓
2	Mr. Talal Sultan Al-Shehab	Member (non-executive)	-	-	✓
3	Mr. Gerard Snabian	Member (non-executive)	-	-	✓
4	Mr. Mohammed Majed Al-Shaya	Member (Independent)	-	-	✓

### Key Duties and Achievements of the Nomination and Remuneration Committee:

- Supervising the evaluation process of the Board of Directors, the self-assessment of its members, and the evaluation of the Chief Executive Officer's performance.
- Recommending the acceptance of nominations and re-nominations for members of the Board of Directors and the Executive Management.
- Adopting a clear remuneration policy for members of the Board of Directors and the Executive Management.
- Determining the required skills for membership of the Board of Directors and reviewing such requirements on an annual basis.
- Attracting applications from candidates wishing to occupy executive positions, as needed, and reviewing such applications.

- Ensuring that the independence status of the independent Board member is not compromised.
- Determining the various remuneration categories to be granted to employees.
- Developing job descriptions for members of the Board of Directors.
- Preparing the report on remuneration granted to members of the Board of Directors, the Executive Management and managers.

### **Third: Executive Committee**

The Executive Committee was formed by the Board of Directors on April 21, 2025, as a standing committee that will continue for the duration of the Board's term (three years).

The committee consists of four members of the Board of Directors:

- 1- Mr. Talal Sultan Al-Shehab – Chairman of the Committee
- 2- Mr. Gerard Snabian
- 3- Mr. Mohammed Hamad Al-Rabeeah
- 4- Mr. Faisal Saad Al-Saad

The committee did not hold any meetings during 2025.

### **Implementation of the requirements that enable members of the Board of Directors to obtain information and data accurately and in a timely manner:**

The Secretary of the Board of Directors provides the members of the Board with the required information and data. Members of the Board of Directors are provided with all documents at least three business days prior to the meetings of the Board of Directors and its committees. The Company maintains a documented mechanism that ensures their access to information in a timely manner. The Secretary is also keen to document all resolutions and discussions that take place, and to maintain and organize the records of the minutes of meetings of the Board of Directors, the minutes of the board's committees, and the related documents and reports.

### **Rule Three: Selecting Competent Individuals for Membership of the Board of Directors and the Executive Management**

#### **Formation of the Nomination and Remuneration Committee**

The Committee consists of four members, including two non-executive members and two independent members. The Committee held three meetings during the year 2025.

#### **Remuneration of the Members of the Board of Directors**

The remuneration system for members of the Board of Directors includes the following:

##### **Remuneration of the Members of the Board of Directors:**

Such remuneration is calculated in accordance with the provisions of Article (198) of the Companies Law No. (1) of 2016, which stipulates that the total remuneration of the members of the Board of Directors shall not exceed ten percent of the net profit after deducting depreciation and reserves and distributing a profit of not less than 5% of the capital to the shareholders, or any higher percentage stipulated in the Company's Memorandum of Association. An independent member of the Board of Directors may be exempted from the aforementioned maximum remuneration limit after obtaining the approval of the Ordinary General Assembly. The remuneration of the members of the Board of Directors must also be approved by the Company's Ordinary General Assembly.

##### **Allowances of the Board of Directors' Committees:**

Such allowances represent compensation for the efforts exerted by members of the Board of Directors for attending and participating in the work of the committees and performing the duties assigned to such committees following their delegation by the Board of Directors in accordance with the Committees' Charters approved by the Board of Directors. Each member of the Board of Directors is granted an annual cash allowance for his participation in the work of each committee.

##### **Other Allowances:**

Such other cash allowances represent compensation granted when the Board of Directors delegates one of its members to exercise certain authorities and responsibilities vested in the Board in accordance with the provisions of Article 185 of the Companies Law No. 1 of 2016.

### **Remuneration and Incentives of the Executive Management**

The remuneration of the Executive Management is divided into two categories:

#### **First: Fixed Remuneration and Allowances:**

These include salaries, allowances and fixed benefits granted to members of the Executive Management in accordance with the approved employment contracts and the internal policies applied within the Company.

#### **Second: Variable Remuneration:**

These include variable remuneration linked to performance and the achievement of the Company's objectives.

The Nomination and Remuneration Committee submits recommendations to the Board of Directors regarding the proposed remuneration to be granted to members of the Executive Management.

The following is an analysis of the remuneration granted to the members of the Board of Directors for the year 2024, which was paid during the financial year ended 31 December 2025:

Remuneration and Benefits of the Members of the Board of Directors*							
Total number of members	Remuneration and Benefits through the Parent Company			Remuneration and Benefits through Subsidiary Companies			
	Fixed Remuneration and Benefits (KD)	Variable Remuneration and Benefits (KD)		Fixed Remuneration and Benefits (KD)		Variable Remuneration and Benefits (KD)	
		Health Insurance	Annual Remuneration	Committee Remuneration	Health Insurance	Total Monthly Salaries During the Year	Annual Remuneration
7		70,000	65,000				

## Governance Report – for the Year Ended on 31 Dec 2025

The following is an analysis of the fixed remuneration and allowances granted to the Executive Management for the year 2025, which were paid during the financial year ended 31 December 2025:

Total remuneration and benefits granted to six of the senior executives who received the highest remuneration, in addition to the Chief Executive Officer and the Chief Financial Officer, or their equivalents if they are not among them																
Total Number of Executive Positions	Remuneration and Benefits through the Parent Company							Remuneration and Benefits through Subsidiary Companies								
	Fixed Remuneration and Benefits (Kuwaiti Dinar)							Variable Remuneration and Benefits	Fixed Remuneration and Benefits (Kuwaiti Dinar)							Variable Remuneration and Benefits
	Total Monthly Salaries During the Year	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children's Education Allowance	Annual Bonus		Total Monthly Salaries During the Year	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children's Education Allowance	Annual Bonus	
6	198,267	4,335	14,972		1,070		109,057	47,400	4,741		24,000					

The remuneration of the Executive Management is paid in accordance with the signed employment contracts and subject to the approval of the Company's Board of Directors, as well as the approval of the General Assembly for other remunerations.

The Board of Directors has recommended granting remuneration to the members of the Board for the financial year ended 31 December 2025, which will be presented to the General Assembly of the shareholders as shown below:

Remuneration and Benefits of the Members of the Board of Directors*							
Total Number of Members	Remuneration and Benefits through the Parent Company			Remuneration and Benefits through Subsidiary Companies			
	Fixed Remuneration and Benefits (KD)	Variable Remuneration and Benefits (KD)		Fixed Remuneration and Benefits (KD)		Variable Remuneration and Benefits (KD)	
	Health insurance	Annual Remuneration	Committee Remuneration	Health insurance	Total Monthly Salaries During the Year	Annual Remuneration	Committee Remuneration
7		70,000	30,000				

The Company has prepared a detailed report of all amounts received by the members of the Board of Directors and the Executive Management, which will be presented to the shareholders of the Company at the Ordinary General Assembly for approval. In addition, the Company maintains an accurate and detailed statement of all salaries, remunerations and other benefits to which each member of the Board of Directors and the Executive Management is entitled, which is made available for review by the shareholders. There are no material deviations in this regard.

### **Rule Four: Ensuring the Integrity of Financial Reporting**

#### **Commitment to the Accuracy and Integrity of the Financial Reports Prepared**

The Executive Management submits a written undertaking to the Board of Directors of Injazzat Real Estate Development Company confirming the accuracy and integrity of the Company's financial reports. Such reports cover all financial aspects, including financial data and operating results, and are prepared in accordance with the International Financial Reporting Standards (IFRS). Further, the Board of Directors provides the shareholders of the Company with its commitment regarding the accuracy and integrity of the financial statements and the reports related to the Company's activities.

### **Executive Management Declaration on the Integrity and Fairness of the Financial Statements**

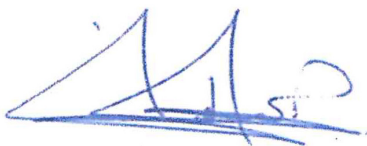
I, the Acting Chief Executive Officer, hereby declare that, to the best of our knowledge, the consolidated financial statements of Injazzat Real Estate Development Company K.S.C.P., which comprise:

- The consolidated statement of financial position as at 31 December 2025.
- The consolidated statement of income as at 31 December 2025.
- The consolidated statement of changes in equity.
- The consolidated statement of cash flows.

for the year ended on that date, together with the notes to the consolidated financial statements, including the summary of significant accounting policies, fairly present in all material respects the consolidated financial position as at 31 December 2025, as well as its consolidated financial performance and consolidated cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards (IFRS).

**Hamad Jassem Al-Saadoun**

**Acting Chief Executive Officer**



**Board of Directors Declaration on the Integrity and Fairness of the Financial**

**Statements**

We, the Chairman and members of the Board of Directors of Injazzat Real Estate Development Company K.S.C.P., hereby acknowledge and undertake the accuracy and integrity of the financial data provided to the external auditor. We also confirm that the Company's financial reports have been presented in a proper and fair manner in accordance with the International Accounting Standards applied in the State of Kuwait and approved by the Authority, and that they fairly represent the financial position of the Company as at 31 December 2025. This declaration is made based on the information and reports provided to us by the Executive Management and the external auditor. We have exercised due diligence to verify the accuracy and integrity of these reports.

Name and Title	Signature
<b>Mr. Khaled Abdullah Mirza</b> Chairman of the Board - Independent	
<b>Mr. Talal Sultan Al-Shehab</b> Vice Chairman	
<b>Mr. Wafa Haidar Al-Shehabi</b> Member of the Board of Directors	
<b>Mr. Gerard Snabian</b> Member of the Board of Directors	
<b>Mr. Mohammed Majed Al-Shaya</b> Member of the Board of Directors – Independent	
<b>Mr. Mohammed Hamad Al-Rabi'ah</b> Member of the Board of Directors	
<b>Mr. Faisal Saad Al-Saad</b> Member of the Board of Directors	

### **Formation of the Audit and Risk Management Committee**

The Audit and Risk Management Committee consists of three members of the Board of Directors, including one independent member and two non-executive members. The Board has determined that the term of membership of the Committee shall be the same as the term of membership of the Board of Directors.

The Audit and Risk Management Committee reviews the interim and annual financial statements and discusses them with the Executive Management before presenting thereof to the Board of Directors.

The Audit and Risk Management Committee meets periodically with the external auditors assigned to audit the Company's accounts to discuss the accounting policies and the annual financial statements. The Committee held five (5) meetings during the year 2025.

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

Any services provided by the external auditor are presented to the Audit and Risk Management Committee in order to verify the independence of the external auditor.

The Audit and Risk Management Committee has evaluated the performance of the external auditor and recommended to the Board of Directors the appointment or reappointment of the external auditor.

No conflict occurred between the recommendations of the Audit and Risk Management Committee and the resolutions of the Board of Directors during the year.

### **Rule Five: Implementing Proper Systems for Risk Management and Internal Control**

#### **Risk Management Unit**

The Company has established a Risk Management Unit that reports directly to the Board of Directors' Audit and Risk Management Committee. The Company's organizational structure has been amended and approved to reflect the establishment of the Risk Management Unit. The Board of Directors has also assigned one of the external consulting firms to carry out all risk management functions.

#### **Internal Audit Unit**

An independent Internal Audit Unit has been established and reports directly to the Board of Directors' Audit and Risk Management Committee. The Board of Directors has assigned one of the specialized firms to carry out the functions of the Unit.

#### **Formation of the Audit and Risk Management Committee**

The Committee was reformed on 21 April 2025 and consists of three members of the Board of Directors, including one independent member and two non-executive members. The Board has determined that the term of membership of the Committee shall be the same as the term of membership of the Board of Directors.

#### **Internal Control and Monitoring Systems**

The Company relies on a set of control systems and supervisory rules that cover all the Company's activities and departments. These systems and rules aim to maintain the integrity of the Company's financial position, the accuracy of its data and the efficiency of its operations from various aspects. The Company's organizational structure reflects dual control mechanisms, including the proper determination of authorities and responsibilities, full segregation of duties, avoidance of conflicts of interest, dual control, and dual signature. The Company also maintains policies and procedures for all departments.

### **Appointment of an Independent Auditor to Review and Evaluate the Internal Control Systems**

The Board of Directors of the Company has appointed an independent auditor to perform the examination and evaluation of the Company's internal control systems and to present thereof to the Board of Directors. A copy of the report is submitted annually to the Capital Markets Authority.

### **Appointment of an Independent Audit Firm to Review the Performance of the Internal Audit**

The Company has appointed an independent audit firm to review and evaluate the performance of the internal audit every three years. A report on the results of the evaluation is submitted to the Audit and Risk Management Committee and the Board of Directors.

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

### **Standards and Guidelines of Professional Conduct and Ethical Values**

The Company, represented by the Board of Directors, the Executive Management and all its employees, believes that professional and ethical conduct is one of the key drivers of the Company's success in achieving its objectives. Based on this belief, the Board of Directors has approved a policy that defines the standards of professional and ethical conduct within the Company. This policy includes the standards of professional and ethical conduct, as well as the responsibilities of the Company, the Board of Directors, the Executive Management and employees. Further, the Company maintains a whistleblowing policy that establishes a mechanism enabling employees and stakeholders to report any improper practices or suspicious matters, with appropriate arrangements in place to allow for an independent investigation. The Executive Management has also tasked department managers with taking the necessary actions to ensure the implementation of the standards of professional and ethical conduct. In fulfillment of their obligations towards the Company, employees in particular are required to adhere to the following:

- Being fully aware of, understanding and strictly complying with the internal rules, procedures and guidelines applied within the Company at all times.
- Complying with the applicable laws.
- Avoiding any situation that may give rise to a conflict of interest. In the event of doubt or the occurrence of any obstacle, the employee shall immediately report such conflict of interest to his/her department or notify the Compliance Officer of the Company.
- Strictly maintaining professional confidentiality.
- Refraining from exceeding the authorities granted to them and adhering to the rules governing authorized signatures.
- Continuing to bear full responsibility for any duties delegated to others and exercising adequate supervision and monitoring.
- Respecting the dignity and privacy of their colleagues.

### **Company Policies and Procedures for Limiting Cases of Conflict of Interest**

The Company has approved policies and procedures aimed at limiting cases of conflict of interest and addressing and managing such cases within the framework of Corporate Governance, taking into consideration the provisions of the Companies Law. No amendments have been made to this policy.

The conflict-of-interest policy approved by the Board of Directors aims to ensure the implementation of appropriate procedures to identify material conflicts of interest and address them effectively, and to ensure that the Board of Directors properly handles existing, potential and anticipated conflicts of interest, and that all resolutions are taken in a manner that serves the interests of the Company.

Compliance of all employees with the standards of professional conduct and ethical values is continuously verified through the Company's Human Resources Department and through the internal audit activities conducted across all departments of the Company.

The Company maintains a dedicated register for reporting any violations or breaches of policies or professional and ethical conduct. No reports were recorded during the year 2025.

### **Rule Seven: Accurate and Timely Disclosure and Transparency**

#### **Disclosure and Transparency**

The Company maintains a policies and procedures manual that includes the policies and mechanisms governing disclosure and transparency. These policies clearly set out the general rules, procedures and mechanisms of disclosure. The policy also specifies the responsibility of the Company's Compliance Department for managing disclosure processes and ensuring compliance with the information required to be disclosed in a timely, adequate and accurate manner in accordance with the instructions of the Capital Markets Authority and the applicable laws and regulations. The policy also emphasizes the publication and updating of information on the Company's website.

The Company also maintains an approved procedures manual regulating the trading of insiders in order to enhance the principle of disclosure and transparency in all its transactions. No amendments have been made to this manual. The manual identifies the insiders within the Company, the information required to be disclosed, the timing of disclosure and the trading blackout periods, and it also sets out in detail the procedures governing the trading of insiders in securities.

#### **Disclosure Register**

The Company maintains a dedicated register for the disclosures of the members of the Board of Directors and the Executive Management. The register includes disclosures of

ownership percentages and transactions in the Company's shares, in addition to the declarations and undertakings submitted by members of the Board of Directors in their capacity as insiders. This register is maintained at the Company's headquarters and is made available for review by all shareholders of the Company without any fee or charge. The register is updated periodically to reflect the actual status of the related parties.

### **Investor Relations Unit**

The Company has an independent unit responsible for providing and making available the data, information and reports required by the Company's current and potential investors. The duties of this unit are undertaken by Mr. Ibrahim Al-Mefrej. All information, reports and news are published on the Company's website. The unit also communicates with investors and shareholders through the following telephone number: 22275256, or via the following email address:

[ibrahim@injazzat.com](mailto:ibrahim@injazzat.com)

### **Information Technology in Disclosure Processes**

The Company has developed its information technology infrastructure and relies extensively on it in disclosure processes. A dedicated Corporate Governance section has also been established in which all information and data are presented to assist shareholders and current and potential investors in exercising their rights and evaluating the Company's performance.

### **Rule Eight: Respecting the Rights of Shareholders**

All categories of shareholders enjoy equal rights, provided that such rights do not prejudice the interests of the Company or conflict with the applicable laws and regulations. These rights include the following:

- Reviewing and participating in the amendment of the Memorandum of Association and the Articles of Association.

## Governance Report – for the Year Ended on 31 Dec 2025

- Participating in General Assembly meetings and expressing observations, recommendations and reservations regarding the Company's performance.
- Authorizing other persons to attend General Assembly meetings pursuant to a special power of attorney.
- Voting in the elections of the members of the Board of Directors and nomination for membership of the Board of Directors in accordance with the rules and mechanisms governing such matters.
- Obtaining the information and reports necessary to assist in making investment decisions.
- Receiving the dividends approved for distribution.
- Freedom to dispose of shares through purchase, sale, transfer or assignment.

The Board of Directors and the Executive Management of the Company seek to ensure that the data contained in the aforementioned registers are handled with the highest degree of protection and confidentiality, in a manner that does not conflict with the Capital Markets Authority Law, its Executive Bylaws and the instructions and supervisory regulations issued thereunder.

The Company maintains a register kept with Kuwait Clearing Company in which the names of the shareholders, their nationalities, domiciles and the number of shares owned by them are recorded.

Further, the Board of Directors and the Executive Management seek to ensure the effective participation of shareholders in General Assembly meetings and to discuss the matters included on the agenda and the related inquiries, as well as to direct questions regarding such matters to the members of the Board of Directors and the external auditor. The Board of Directors or the external auditor shall respond to such questions to the extent that does not prejudice the interests of the Company.

The Company has also developed policies regulating the relationship with and the rights of shareholders and stakeholders. These policies are made available to shareholders for review at any time.

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

The Company works to respect and protect the rights of stakeholders in all its transactions and internal and external dealings, as the contributions of stakeholders represent a vital resource for building the Company's competitiveness and supporting its levels of profitability. In order to protect the dealings of stakeholders with the Company, whether in the form of contracts or transactions, the Company has adopted internal policies and regulations, including but not limited to the following:

- Stakeholders' Rights Protection Policy.
- Conflict of Interest Policy.
- Whistleblowing Policy.
- Related Party Transactions Policy.
- Procurement and Contracting Policy and Procedures.

The Company provides and publishes information about the Company on its website, enabling stakeholders to obtain the information necessary about the Company. The Company also enables stakeholders to obtain the information and financial data related to their activities and dealings with the Company through the Company's Finance Department.

The Board of Directors of the Company has approved a whistleblowing policy under which the Company is committed to maintaining integrity and professional and ethical conduct in all dealings. The policy also provides stakeholders with the opportunity to report any violations or any illegal, unethical or improper activities, while the Company maintains confidentiality in the procedures for investigating such violations and provides protection to the whistleblower without causing any harm to him.

### **Rule Ten: Promoting and Enhancing Performance**

#### **Training of the Members of the Board of Directors and the Executive Management**

One of the consulting firms conducted a training course during the year for the members of the Company's Board of Directors and the members of the Executive Management.

#### **Evaluation of the Performance of the Board of Directors and the Executive Management**

The Company has developed systems and mechanisms for evaluating the members of the Board of Directors and the Executive Management through establishing a set of objective key performance indicators linked to the achievement of the Company's strategic objectives.

#### **Corporate Values**

The Company has policies and procedures that contribute to achieving its strategic objectives and promoting corporate values among employees in a manner that supports maintaining the Company's financial soundness.

The Company also prepares integrated reports that assist the members of the Board of Directors and the Executive Management in making decisions that contribute to achieving the interests of the shareholders.

### **Rule Eleven: Focusing on the Importance of Social Responsibility**

#### **Environmental, Social and Governance Responsibility:**

The Board of Directors is committed to proactively implementing environmental, social and governance practices. The Board also follows up on the initiatives undertaken by the Company in this regard. The Company also seeks opportunities within its various activities and locations to reduce environmental impact, ensure responsible consumption of natural resources, reduce waste and promote recycling. Several measures have been adopted to minimize energy consumption within the Company's facilities and the properties owned by

it. The Company is also committed to training its employees to adopt environmentally friendly practices by increasing awareness within the Company regarding environmental, social and governance responsibilities and sustainability through training and various communication channels.

During the past year, the Company carried out the following initiatives:

1. **LOYAC for Community Training**
2. **KACCH and Bayt Abdullah Children's Hospice (BACCH)**

Our Company will continue to support the community through initiatives that reflect our institutional values, aimed at affirming that we are a national company committed to serving the community. We focus on initiatives in the fields of health and education with the objective of building and supporting the communities in which we operate, in a manner that benefits our shareholders and contributes to achieving sustainability for both our Company and our community.

The Board of Directors is also committed to implementing the principles of corporate governance, which enhance transparency, protect against risks, and ensure compliance with the regulations and laws relevant to the Company's business, including matters related to environmental, social and governance practices.

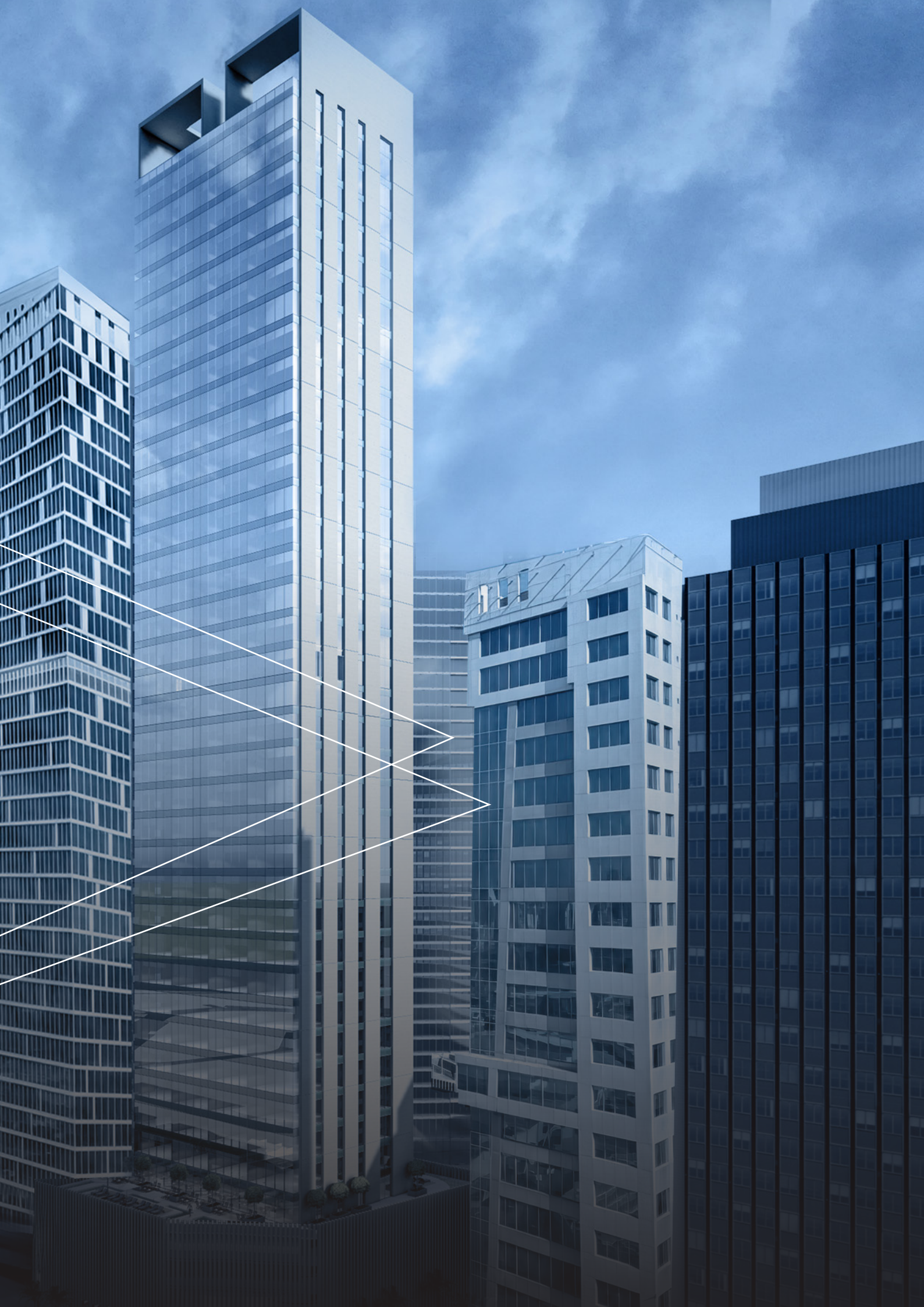
The Company's policy and framework for making responsible investment decisions are based on achieving the Company's economic objectives through integrating environmental, social and governance practices into its operational activities and promoting this culture within the Company.

**Khaled Abdullah Mirza**  
**Chairman of the Board**





**COMPANY  
PROJECTS 2025**



## Introduction

Since its establishment in 1998, INJAZZAT Real Estate Development Company has adopted a balanced institutional strategy aimed at achieving sustainable profitability through maximizing shareholders' returns and generating compounded growth in annual cash flows, while maintaining the highest standards of corporate governance and full compliance of applicable laws and regulations.

The Company has consistently kept pace with developments in regional and global markets, proactively identifying and creating viable investment opportunities, forming strategic alliances, and establishing economic entities that contribute positively to the sustainability of national and regional economies. It has also focused on developing and operating real estate projects in accordance with the highest technical and operational standards to generate diversified recurring income streams, ensuring financial continuity and profitability levels that exceed regional peers, while adopting optimal mechanisms to maximize capital returns.

Within this framework, the Company has successfully structured several real estate projects, executed strategic exit transactions, and established specialized entities for the management and operation of various projects to enhance operational efficiency and diversify income sources. Furthermore, management has geographically diversified investments across stable jurisdictions while also entering high-growth emerging markets, with a focus on innovative real estate sectors that create added value for the Company's portfolio.

## Local Market

During 2025, the Company focused on completing the development of several projects within the local real estate market to generate attractive recurring income and enhance capital gains opportunities upon exit, while continuing to contribute effectively to the national economy. These activities were carried out in full compliance with relevant laws and the Company's Articles of Association, including but not limited to:

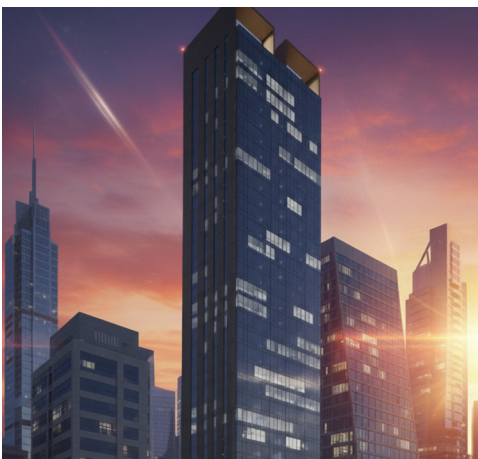
- Acquisition and disposal transactions
- Development and operation activities
- Trading activities
- Project management operations

## Prime Tower

An office tower located in Sharq – Ahmad Al Jaber Street, comprising two basement levels, a ground floor, a mezzanine floor, and 22 typical floors, with a total built-up area of 6,320 sqm. The Company successfully completed development in 2021, fully leased the tower, and sold a number of the typical floors.

## Catamaran Project

The Company successfully acquired a prime land plot in Al-Mirqab with a total area of 2,014 sqm and an 800% building ratio. The project is currently under development as an administrative office tower consisting of two basement levels, a ground floor, four parking floors, and 35 typical floors, with a total built-up area of 44,900 sqm. The project will be added to the Company's distinguished portfolio of assets.



## South Khaitan Commercial Project

The Public Authority for Housing Welfare awarded the Company the tender for the design, development, operation, and management of a commercial building in South Khaitan for a 22-year term. The land area is 3,484 sqm with a total built-up area of 9,617 sqm designated for a commercial complex comprising retail units and restaurants.



## Jaber Al Ahmad School Development – J6-F

The Public Authority for Housing Welfare awarded the investment opportunity to a consortium including INJAZZAT for the development and operation of a private school (J6-F) located in Jaber Al Ahmad, State of Kuwait, with a total land area of 9,297 sqm. The project term is 38 years, comprising a 3-year development period followed by 35 years of operation.

## GCC Markets

The Company continued managing its assets across GCC countries while actively pursuing new investment opportunities in promising regional markets to strengthen economic cooperation among Gulf entities. The Company provides high-quality real estate investment opportunities to its shareholders and partners, including acquisition, development, operation, structuring, and strategic exit execution.

## Kingdom of Bahrain

### Al Dhow Real Estate Company

Established in 1999 as a wholly owned Bahraini subsidiary of INJAZZAT, Al Dhow Real Estate Company focuses on real estate investment, development, and trading in the Kingdom of Bahrain. Since inception, the Company has executed successful acquisition and disposal transactions and strengthened its income-generating portfolio through the development of warehouse and storage facilities within Bahrain Investment Wharf, in addition to owning prime land plots in key locations such as Seef and Ras Zuwaid.

### First Real Estate Company

In 2002, INJAZZAT, in collaboration with strategic partners, established First Real Estate Company in Bahrain. In 2005, the Company was restructured and its capital increased to BHD 30 million through the injection of additional assets and the entry of new shareholders. First Real Estate has maintained the quality and performance of its income-generating assets while continuing to invest in promising future developments supported by strategically located land banks.

## AIYal Real Estate Company

AIYal Real Estate Company was established equally between Aldaw and First Real Estate to merge and develop their land plots in Seef District. The Company developed its flagship project, “Catamaran,” a residential complex comprising 583 apartments centered around a retail podium with restaurants and commercial outlets, and three parking floors accommodating approximately 600 vehicles. Units in the first tower were sold, while the second tower was retained and leased at competitive rates. The Company is currently developing “Catamaran Verandas,” comprising 169 units, with handover expected in 2026.



## United Arab Emirates

The Company has invested in various real estate sectors in the UAE, including specialized labor accommodation assets, residential properties, and commercial assets, as detailed below:

### Labor Accommodation Assets:

#### AI Quoz 604–606

Located on plots 604 and 606 in Al Quoz, Dubai, with a total land area of 100,136 sq ft and a built-up area of approximately 227,000 sq ft. The property comprises two labor accommodation buildings offering 656 rooms, 24 offices, and 8 retail units. The asset is operated and managed by the Company’s Dubai real estate arm.

#### AI Quoz 596

Developed and operated as labor accommodation, with a land area of approximately 50,051 sq ft and a built-up area of 113,700 sq ft, comprising 328 rooms, 12 offices, and 4 retail units.

#### AI Muhaisnah Property

Located in Al Muhaisnah, Dubai, with a land area of 56,914 sq ft. The three-story property comprises 383 rooms, 8 retail units, and storage space. The Company co-invested in this asset equally with First Real Estate – Bahrain and is currently implementing advanced technologies to enhance operational efficiency.



## Dunes Village – Dubai Investment Park

The project consists of two residential buildings in Dunes Village, Dubai Investment Park, each comprising 52 residential apartments with a total area of 108,298 sq ft. The Company operates and manages both buildings.

## Jebel Ali 9223 & 9224 – Labor Accommodation

The Company invested in acquiring and developing two land plots totaling 50,000 sq ft in Jebel Ali for a labor accommodation project with a built-up area of 201,190 sq ft comprising 345 rooms. Development was completed in 2019 and leasing commenced in 2020.

## Jebel Ali Commercial Project

In Q3 2020, a commercial complex was developed in Jebel Ali through Al Bateel Real Estate Company on a land area of 24,372 sq ft to serve nearby labor housing projects. The building has been fully leased under a long-term agreement to a specialized commercial center operator.

## INJAZZAT Residence – Meydan

Completed in late 2020, this project comprises a developed land plot of 30,000 sq ft in Meydan, Dubai, with a total built-up area of approximately 107,000 sq ft. The building includes 53 residential units and 3 retail outlets. Commercial spaces were leased, and residential units were sold through a leading real estate marketing firm in Dubai.



## Global Markets

The Company expanded geographically and diversified its portfolio through investments in selected European and North American markets, focusing on balancing risk and return. It collaborated with experienced advisory firms to manage and operate assets in line with international best practices.

## Germany

### Hitachi Mitsubishi Building

The Company holds a 50% stake in an office building in Duisburg, within the Düsseldorf region of Germany. The building comprises 8 floors plus two basement parking levels, with a total area of 218,000 sq ft. It is leased to Hitachi Mitsubishi and other tenants under stable recurring income agreements.



## United States of America

### Jefferson 399 – Parsippany, New Jersey

The Company holds a significant stake in an office building in Parsippany, New Jersey, covering 206,115 sq ft. The property is fully leased to leading companies in the medical equipment and nutrition sectors.

### Valpak Building – Florida

The Company owns a significant stake in Valpak, a manufacturing and office facility located in St. Petersburg, near Tampa, Florida. The total area is approximately 465,000 sq ft. The property is fully leased under long-term agreements to a leading U.S. marketing company, generating stable cash flows.



**valpak**  
A Valpak Group Company  
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# FINANCIAL ANALYSIS FOR 2025



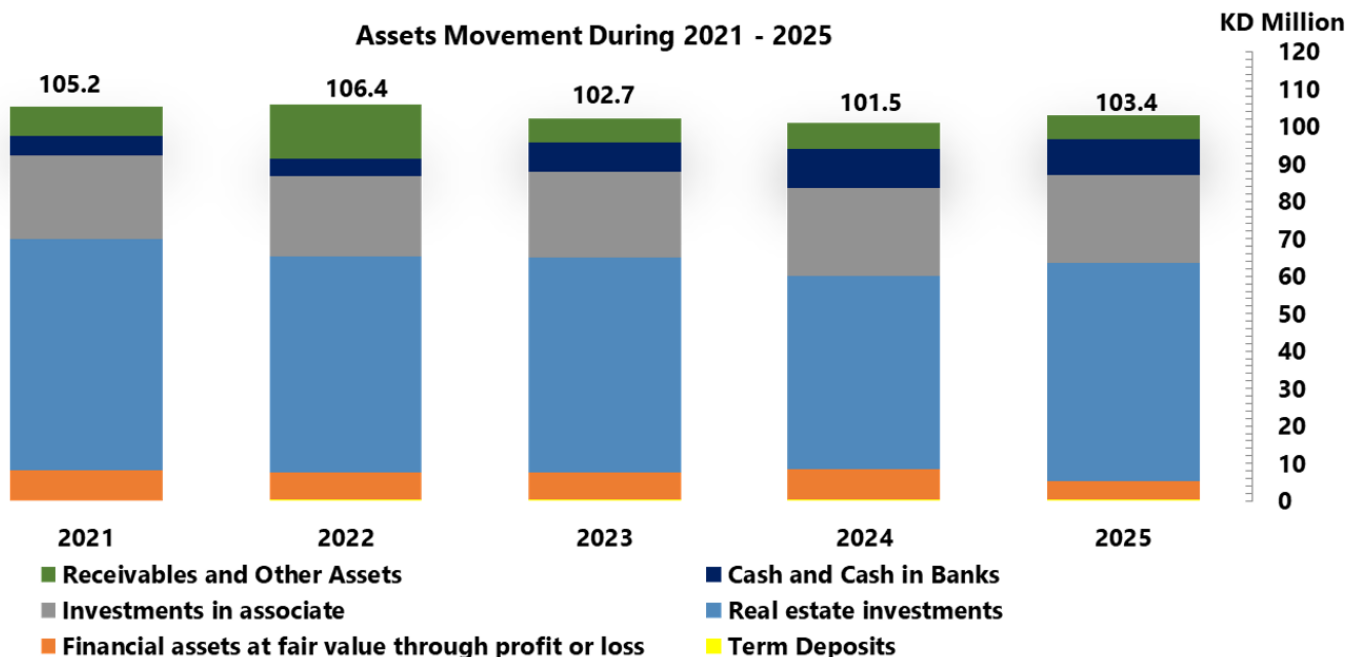
# Financial Analysis 2025

## 1) Financial Position

In 2025, Injazzat recorded an increase in total assets of KD 1.9 million, equivalent to an increase of 1.9%, from around KD 101.5 million at the end of 2024 to KD 103.4 million. This increase is primarily due to an increase in the value of investment properties, valued at KD 58.1 million (56.2% of total assets) in 2025 compared to KD 51.6 million (50.8% of total assets) in the previous year. In this regard, the company did not sell any of its investment properties in 2025. However, in 2024 the company sold one of its investment properties with a book value of around KD 8.9 million. The company also incurred development expenses of around KD 5.7 million in the period.

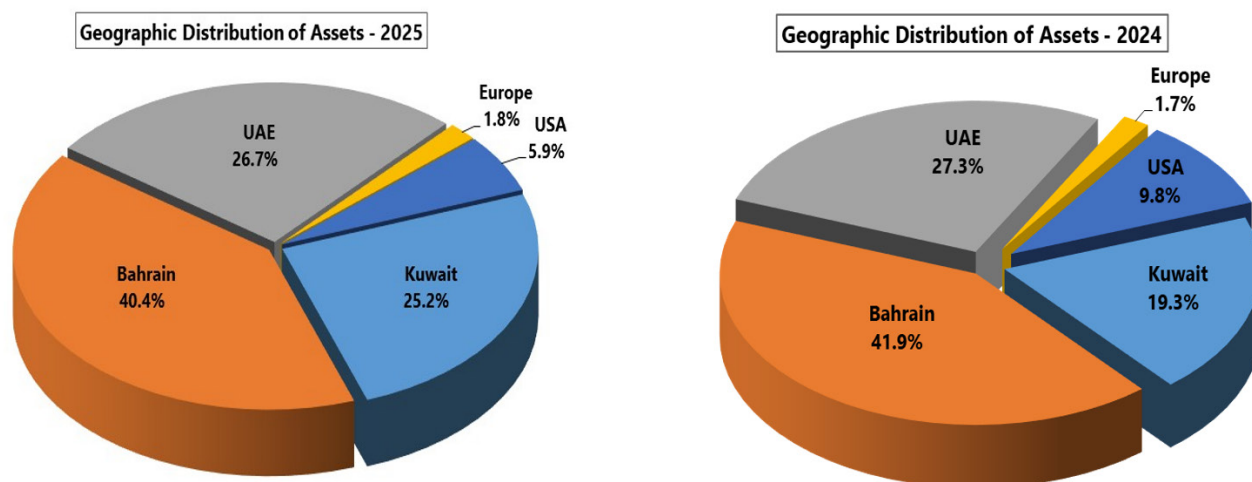
The other increase in assets came from the investment in an associate company, which is the second-largest asset category. It rose by KWD 341 thousand, or 1.5%, reaching KWD 23.7 million (22.9% of total assets), compared with KWD 23.3 million (23.0% of total assets).

With regards to other items, cash and cash equivalents (the third biggest component of total assets) saw a noticeable decrease of KD 990 thousand, equivalent to a decrease of 9.4%, going from KD 10.5 million (10.4% of total assets) in 2024 to KD 9.5 million (9.2% of total assets) in 2025.



Also, the company's assets' geographic distribution changed from 2024 to 2025. In 2025, 25.2% of total assets were in the local market, 67.1% in the regional market or the Gulf Cooperation Council (GCC), and 7.7% in the European and American markets. In 2024, 19.3% of total assets were in the local market, 69.1% in the regional market or GCC, and 11.5% in the European and American markets. This reflects an increase in the allocation to the local market by 35.1% compared to 2024, alongside the company is currently developing the Catamaran Tower in Kuwait City.

## Financial Analysis 2025



In terms of liabilities, there was an increase of 3.0% between 2024 and 2025, amounting to an increase of KD 1.2 million, going from KD 41.1 million at the end of 2024 to KD 42.4 million in 2025. Loans and advances made up 35.3% of total assets, and said loans are secured against certain investment properties and investments in associate companies. Furthermore, there was a slight increase in the liabilities to assets ratio in the period, going from 40.5% in 2024 to around 41.0% in 2025 as well as a rise in the liabilities to equity ratio, going from 68.1% in 2024 to 69.4% in 2025.

Total equity attributable to the shareholders of the parent company amounted to KD 61 million in 2025 compared to KD 60.4 million in 2024, increasing by KD 657 thousand or 1.1%. Accordingly, the company's book value per share was equal to 176.5 fils in 2025 compared to 178.4 fils per share in 2024, after adjusting treasury shares it amounted to approximately 558 shares in 2025, compared to 7.3 million shares in 2024.

## 2) Financial Performance

In 2025, the company recorded a decline in net profit amounting to KD 2.6 million in 2025 compared to a net profit of KD 3 million in 2024, representing decrease of KD 381 thousand or 12.6%.

Continuing the company's strategy of shifting the majority of its revenues toward operating income, real estate leasing revenues increased by approximately KD 490 thousand, reaching around KD 3.4 million by the end of 2025, compared to about KD 2.9 million at the end of 2024. Real estate operating costs decreased by approximately KD 73 thousand, reaching around KD 1.11 million by the end of 2025, compared to about KD 1.19 million at the end of 2024, resulting in an increase in the net real estate leasing margin to approximately 67.3% in 2025, compared to about 59.3% in 2024.

Additionally, there was a decrease to financial assets measured at fair value through profit and loss by approximately KD 883 thousand, reaching KD 188 thousand, compared to about KD 1.1 million in 2024. The share of results from associate companies also decreased by KD 112 thousand, reaching approximately KD 801 thousand, compared to about KD 913 thousand. The Group did not record any income from the sale of investment properties in 2025, whereas it realized profits of KD 1 million from the sale of units within its investment properties in 2024.

On the other hand, total expenses decreased to approximately KD 4.2 million by the end of 2025, compared to KD 4.6 million in 2024. Financing costs declined to around KD 1.73 million in 2025, a decrease of approximately KD 101 thousand, compared to about KD 1.83 million in 2024, primarily due to lower interest rates both locally and globally. Meanwhile, general and administrative expenses increased by approximately KD 28 thousand, reaching around KD 213.7 thousand, compared to about KD 185.7 thousand in 2024.

## Financial Analysis 2025

In 2025, basic and diluted earnings per share for the shareholders of the parent company amounted to 7.74 fils per share, compared to 8.92 fils in 2024. Accordingly, the Board of Directors proposed the distribution of 6% cash dividends and a board remuneration of KD 70 thousand for the financial year ended December 2025. The company also distributed 2% bonus shares from treasury shares at the end of the first half of 2025.

Analysing financial ratios, return on total assets (ROA) declined to approximately 2.6%, compared to about 3.0% in 2024, while the return on equity (ROE) decreased to around 4.3%, compared to about 5.0% in 2024. When compared with the real estate sector, most of the company's indicators remain stronger than the sector's performance. The following table compares Injazzat's performance to a sample of listed companies in Bursa Kuwait.

**The table below compares the performance of the company with the performance of a sample of listed real estate companies:**

Ratio	Injazzat Real Estate	Real Estate Sector
**Price/Earnings per share (P/E)	21.3	9.7
*Price/Book Value (P/B)	0.9	1.0
*Return On Equity (ROE) (%)	4.3%	4.9%
*Return On Assets (ROA) (%)	2.6%	2.1%

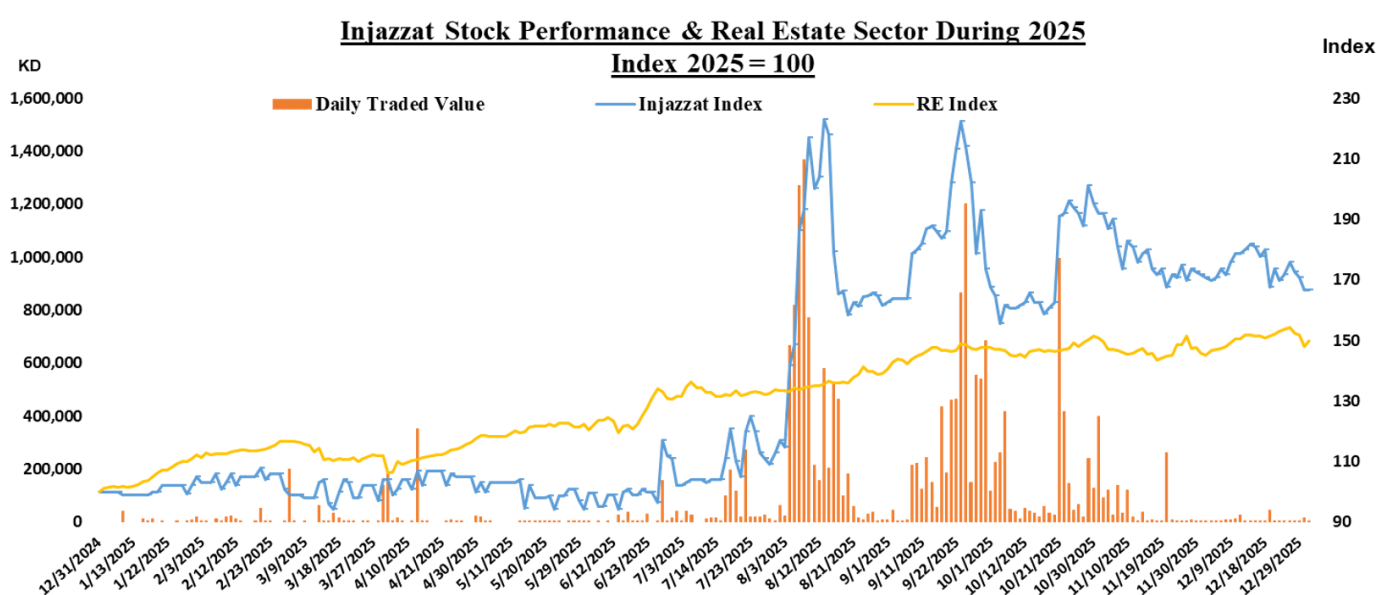
\* Average of listed real estate companies in Bursa Kuwait, financial data is available.

\*\* P/E Multiple for the sector is calculated after excluding companies that achieved losses.

### 3) Stock Performance

There was an increase in liquidity in Bursa Kuwait and in the market capitalization in 2025 compared to 2024. The main market, and the real estate sector recorded an increase of 20.2%, and 48.3% respectively.

The company's stock price closed at 165 fils at the end of 2025, compared to the closing price of 101 fils at the end of 2024, an increase of 63.4%. During the year, the stock achieved a high of 220.6 fils and a low of 93.1 fils.



## Financial Analysis 2025

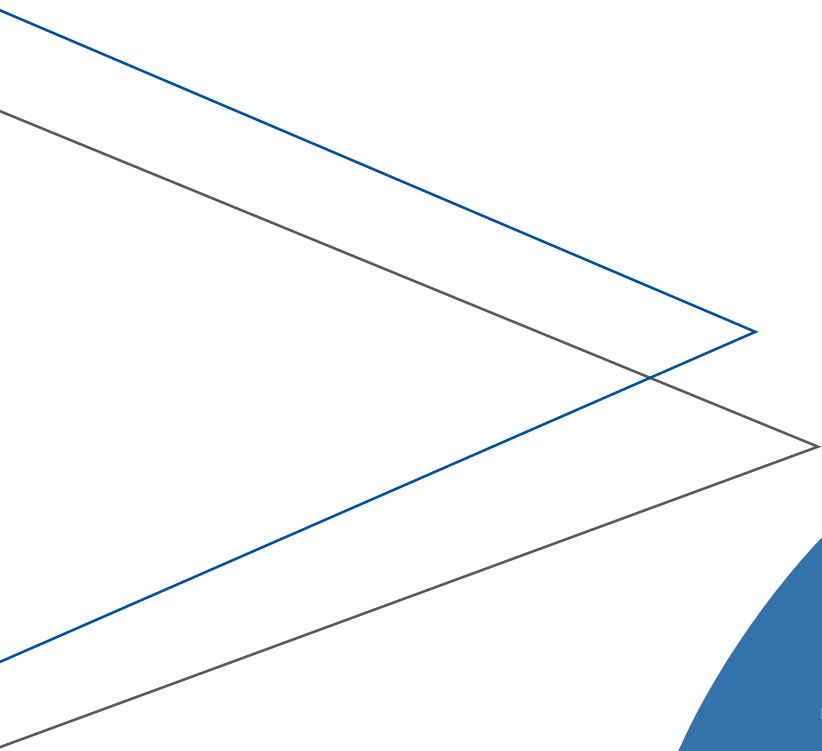
The value of the company's traded stocks during 2025 was KD 21.6 million with an average daily trading value of around KD 87.6 thousand compared to KD 4.9 million with an average daily trading value of around KD 19.9 thousand, the company's stock value of the its traded shares amounted to approximately 0.5% of the total trading value of the real estate sector during the year. The trading volume of shares reached approximately 127.7 million, with an average daily trading volume of about 517 thousand shares compared to 48 million shares in 2024 with an average daily trading volume was approximately 194 thousand shares.

The stock turnover ratio reached approximately 37.9%, with the company's rate remaining below the real estate sector average of approximately 110%. Meanwhile, the company's total market capitalization increased to approximately KD 57 million, up from about KD 34.2 million at the end of 2024, representing an increase of KD 22.9 million. The company's market capitalization represents around 1.3% of the total market capitalization of the real estate sector.



# CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025



**28** Years of  
Success

**2025**  
ANNUAL REPORT

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INJAZZAT REAL ESTATE DEVELOPMENT COMPANY K.S.C.P.**

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

#### ***Opinion***

We have audited the consolidated financial statements of Injazzat Real Estate Development Company K.S.C.P. (the "Parent Company") and subsidiaries (collectively, 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 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 ("ISA"). 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 Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) as applicable to audits of consolidated financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with 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 year. 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.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our reports, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying consolidated financial statements.

#### ***Valuation of investment properties***

Investment properties represent 56% of the Group's total assets and are measured at fair value. Management of the Group engages professionally qualified external valuers to assess the fair value of its investment properties on an annual basis. The valuation of investment properties is highly dependent on estimates and assumptions, such as rental value, occupancy rates, discount rates, maintenance status, and financial stability of tenants, market knowledge and historical transactions, which, although not directly observable, but are corroborated by observable market data. The disclosures relating to the inputs are relevant, given the estimation uncertainty involved in these valuations.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INJAZZAT REAL ESTATE DEVELOPMENT COMPANY K.S.C.P. (continued)

### Report on the Audit of the Consolidated Financial Statements (continued)

#### *Key Audit Matters (continued)*

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

Given the size and significance of the valuation of investment properties, and the importance of the disclosures relating to the inputs used in such valuations, we have considered this as a key audit matter.

Our audit procedures included, among others, the following:

- ▶ For a sample of properties, we discussed with the external valuer and challenged key estimates and assumptions adopted in the valuations, including prevailing market yields and comparable market transactions, and to assess the independence, objectivity, qualifications and expertise of the external property valuer in the related properties being valued;
- ▶ We involved and acquired assistance from our internal property valuation specialists, assessing the valuation methodology adopted by the external property valuer and comparing the key estimates and assumptions adopted in the valuation of investment properties on a sample basis, including market rents and market yields.
- ▶ We have tested the inputs and assumptions made by management of the Group and the appropriateness of the properties' related data supporting the external appraisers' valuations.
- ▶ We performed procedures for areas of risk and estimation. This included, where relevant, comparison of judgments made to current market practices and challenging the valuations on a sample basis based on evidence of comparable market transactions and other publicly available information.
- ▶ We evaluated the management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions on the fair value of investment properties.
- ▶ Further, we have considered the objectivity, independence and expertise of the external real estate appraisers.
- ▶ We assessed the adequacy and the appropriateness of the Group's disclosures concerning investment properties in Notes 10 and 20.2 to the consolidated financial statements.

#### ***Other information included in the Group's 2025 Annual Report***

Management is responsible for the other information. Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information 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 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, 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.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INJAZZAT REAL ESTATE DEVELOPMENT COMPANY K.S.C.P. (continued)

### Report on the Audit of the Consolidated Financial Statements (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 scepticism 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.



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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INJAZZAT REAL ESTATE DEVELOPMENT COMPANY K.S.C.P. (continued)**

### **Report on the Audit of the Consolidated Financial Statements (continued)**

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

- ▶ 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 the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, actions taken to eliminate threats or safeguards applied.

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 year 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, as amended, 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, as amended, and its executive regulations, as amended, nor 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 of the Parent Company or on its financial position.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INJAZZAT REAL ESTATE DEVELOPMENT COMPANY K.S.C.P. (continued)

### Report on Other Legal and Regulatory Requirements (continued)

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the establishment of Capital Markets Authority "CMA" and organisation of security activity and its related executive regulations, as amended, during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

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SHEIKHA AL FULAI  
LICENCE NO. 289-A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

11 February 2026  
Kuwait

# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>KD</b>	<b>2024</b> <b>KD</b>
<b>Income</b>			
Rental income		<b>3,405,716</b>	2,916,036
Change in fair value of investment properties	10	<b>1,040,515</b>	330,418
Gain on sale of investment properties		-	1,031,341
Change in fair value of financial assets at FVTPL	8	<b>187,805</b>	1,070,755
Distribution income from financial assets at FVTPL	8	<b>876,663</b>	512,328
Share of results of associates	9	<b>800,651</b>	913,272
Management fees		<b>218,380</b>	188,177
Interest income	3	<b>477,159</b>	625,660
Other income		<b>60,781</b>	178,909
Net foreign exchange differences		<b>(29,831)</b>	25,431
<b>Total income</b>		<b>7,037,839</b>	7,792,327
<b>Expenses</b>			
Real estate operating costs		<b>(1,114,213)</b>	(1,187,349)
Staff costs		<b>(747,721)</b>	(878,839)
Depreciation		<b>(141,954)</b>	(143,769)
Administrative expenses		<b>(213,732)</b>	(185,678)
Consultancy and professional fees		<b>(251,577)</b>	(331,028)
Finance costs		<b>(1,731,970)</b>	(1,832,620)
<b>Total expenses</b>		<b>(4,201,167)</b>	(4,559,283)
<b>Profit before tax and directors' remuneration</b>		<b>2,836,672</b>	3,233,044
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		<b>(28,312)</b>	(28,570)
National Labour Support Tax (NLST)		<b>(72,716)</b>	(83,297)
Zakat		<b>(29,086)</b>	(33,320)
Board of Directors remuneration	17	<b>(70,000)</b>	(70,000)
<b>PROFIT FOR THE YEAR</b>		<b>2,636,558</b>	3,017,857
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>			
	4	<b>7.74 Fils</b>	8.92 Fils

The attached notes 1 to 22 form part of these consolidated financial statements.

# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 KD	2024 KD
<b>PROFIT FOR THE YEAR</b>	<b>2,636,558</b>	<b>3,017,857</b>
<b>Other comprehensive (loss) income:</b>		
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive loss of associates	(52,221)	(4,026)
Net exchange differences on translation of foreign operations	(339,237)	104,669
<b>Other comprehensive (loss) income</b>	<b>(391,458)</b>	<b>100,643</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,245,100</b>	<b>3,118,500</b>

The attached notes 1 to 22 form part of these consolidated financial statements.

# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

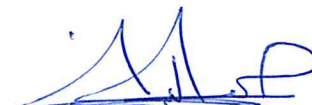
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		316,648	399,915
Investment properties	10	58,063,653	51,581,752
Investment in associates	9	23,662,051	23,321,366
Financial assets at fair value through profit or loss	8	5,361,063	8,561,747
Accounts receivable and other assets	7	3,224,590	3,537,791
		<u>90,628,005</u>	<u>87,402,571</u>
<b>Current assets</b>			
Accounts receivable and other assets	7	2,758,922	3,102,233
Term deposits	6	458,777	464,868
Cash and cash equivalents	5	9,522,683	10,513,022
		<u>12,740,382</u>	<u>14,080,123</u>
<b>TOTAL ASSETS</b>		<u><b>103,368,387</b></u>	<u><b>101,482,694</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	34,564,860	34,564,860
Share premium	11	2,869,130	2,869,130
Statutory reserve	12	10,404,490	10,120,823
Voluntary reserve	13	780,996	639,163
Treasury shares	14	(48)	(625,684)
Treasury shares reserve		5,299,663	4,723,846
Foreign currency translation reserve		1,559,854	1,951,312
Retained earnings		5,538,246	6,116,832
<b>Total equity</b>		<u><b>61,017,191</b></u>	<u><b>60,360,282</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	15	9,000,000	36,500,000
Accounts payable and other liabilities	16	977,695	1,011,054
		<u>9,977,695</u>	<u>37,511,054</u>
<b>Current liabilities</b>			
Loans and borrowings	15	27,500,000	-
Accounts payable and other liabilities	16	4,873,501	3,611,358
		<u>32,373,501</u>	<u>3,611,358</u>
<b>Total liabilities</b>		<u><b>42,351,196</b></u>	<u><b>41,122,412</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>103,368,387</b></u>	<u><b>101,482,694</b></u>



Khaled Abdullah Merza  
Chairman



Hamad Jassem Al Sadoun  
Chief Executive Officer (Acting)

The attached notes 1 to 22 form part of these consolidated financial statements.

# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

*Attributable to equity holders of the Parent Company*

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
As at 1 January 2025	34,564,860	2,869,130	10,120,823	639,163	(625,684)	4,723,846	1,951,312	6,116,832	60,360,282
Profit for the year	-	-	-	-	-	-	-	2,636,558	2,636,558
Other comprehensive loss	-	-	-	-	-	-	(391,458)	-	(391,458)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(391,458)	2,636,558	2,245,100
Sale of treasury shares	-	-	-	-	48,420	61,534	-	-	109,954
Purchase of treasury shares	-	-	-	-	(6,442)	-	-	-	(6,442)
Interim dividend distribution (Note 11)	-	-	-	-	583,658	514,283	-	(1,097,941)	-
Cash dividend (Note 11)	-	-	-	-	-	-	-	(1,691,703)	(1,691,703)
Transfer to reserves	-	-	283,667	141,833	-	-	-	(425,500)	-
<b>At 31 December 2025</b>	<b>34,564,860</b>	<b>2,869,130</b>	<b>10,404,490</b>	<b>780,996</b>	<b>(48)</b>	<b>5,299,663</b>	<b>1,559,854</b>	<b>5,538,246</b>	<b>61,017,191</b>
As at 1 January 2024	34,564,860	2,869,130	9,797,519	477,511	(625,684)	4,723,846	1,850,669	5,275,634	58,933,485
Profit for the year	-	-	-	-	-	-	-	3,017,857	3,017,857
Other comprehensive income	-	-	-	-	-	-	100,643	-	100,643
Total comprehensive income for the year	-	-	-	-	-	-	100,643	3,017,857	3,118,500
Cash dividend	-	-	-	-	-	-	-	(1,691,703)	(1,691,703)
Transfer to reserves	-	-	323,304	161,652	-	-	-	(484,956)	-
<b>At 31 December 2024</b>	<b>34,564,860</b>	<b>2,869,130</b>	<b>10,120,823</b>	<b>639,163</b>	<b>(625,684)</b>	<b>4,723,846</b>	<b>1,951,312</b>	<b>6,116,832</b>	<b>60,360,282</b>

The attached notes 1 to 22 form part of these consolidated financial statements.



# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 KD	2024 KD
<b>OPERATING ACTIVITIES</b>			
Profit before tax and directors' remuneration		2,836,672	3,233,044
<i>Adjustments to reconcile profit before tax and directors' remuneration to net cash flows:</i>			
Change in fair value of investment properties	10	(1,040,515)	(330,418)
Gain on sale of investment properties		-	(1,031,341)
Change in fair value of financial assets at fair value through profit or loss	8	(187,805)	(1,070,755)
Distribution income from financial assets at fair value through profit or loss	8	(876,663)	(512,328)
Interest income		(477,159)	(625,660)
Share of results of associates	9	(800,651)	(913,272)
Depreciation expense on property and equipment		8,089	7,855
Depreciation expense on right-of-use assets		133,865	135,914
Interest expense on lease liabilities		21,486	22,930
Finance costs (excluding interest on lease liabilities)		1,710,484	1,809,690
Provision for employees' end of service benefits		130,128	113,204
		<u>1,457,931</u>	<u>838,863</u>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		791,143	(743,079)
Accounts payable and other liabilities		1,411,285	(2,552,050)
		<u>3,660,359</u>	<u>(2,456,266)</u>
Tax paid		(123,133)	(53,567)
KFAS paid		(28,570)	(72,468)
Employees' end of service benefits paid		(58,143)	(14,367)
		<u>3,450,513</u>	<u>(2,596,668)</u>
<b>Net cash from (used in) operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(6,827)	(8,484)
Proceeds from sale of equipment		-	3,708
Additional contribution in investment in associates		-	(83,378)
Proceeds from disposal of investment properties	10	-	9,931,341
Capital expenditure incurred on investment properties	10	(5,657,571)	(2,477,153)
Proceeds from capital redemption of financial assets at FVTPL	11	3,388,489	-
Distribution income received from financial assets at FVTPL		712,201	512,328
Dividends received from investment in associates	9	407,745	406,137
Interest income received		477,159	625,660
Movement in term deposits		6,091	19,503
		<u>(672,713)</u>	<u>8,929,662</u>
<b>Net cash (used in) from investing activities</b>			
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	15	-	10,000,000
Repayment of loans and borrowings	15	-	(10,000,000)
Cash dividend paid	11	(1,691,703)	(1,691,703)
Finance costs paid		(1,935,240)	(2,045,740)
Sale of treasury shares		109,954	-
Purchase of treasury shares		(6,442)	-
Payment of lease liabilities		(150,126)	(144,013)
		<u>(3,673,557)</u>	<u>(3,881,456)</u>
<b>Net cash used in financing activities</b>			
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(895,757)</u>	2,451,538
Foreign currency translation adjustments		(94,582)	-
Cash and cash equivalents at beginning of the year	5	10,513,022	8,061,484
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<u>9,522,683</u>	<u>10,513,022</u>
<b>Non-cash items excluded from the consolidated statement of cash flows:</b>			
Additions to right-of-use assets		(51,860)	(47,215)
Additions to lease liabilities		51,860	47,215
Non-cash distribution of interim dividend adjusted against treasury shares and treasury shares reserve	11	1,097,941	-

The attached notes 1 to 22 form part of these consolidated financial statements.

# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

### 1.1 CORPORATE INFORMATION

The consolidated financial statements of Injazzat Real Estate Development Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 11 February 2026. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the annual general assembly meeting (AGM).

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded in Kuwait Stock Exchange (“Boursa Kuwait”). The Parent Company’s registered postal address is P.O. Box 970, Safat 13010, State of Kuwait.

The Group is principally engaged in real estate activities. The primary objectives of the Parent Company is as follows:

- ▶ Ownership, purchasing, sale and development of all kinds of investment properties with exception to residential properties inside and outside the state of Kuwait for the benefit of the Parent Company and on the behalf of others.
- ▶ Ownership and sale of financial assets, bonds relating to real estate companies for the benefit of the Parent Company alone inside and outside the State of Kuwait.
- ▶ Preparation and delivery of studies relating to real estate activities.
- ▶ Maintenance activities relating to the properties owned by the Parent Company including civil, mechanical, electrical works and all required works to sustain the state of the properties.
- ▶ Organisation of real estate conventions relating to the Parent Company’s projects in accordance with the regulations set out by the Ministry of Commerce.
- ▶ Hosting auctions.
- ▶ Ownership of malls and residential complexes and managing them.
- ▶ Ownership of hotels, health clubs, tourism related facilities and leasing and releasing them.
- ▶ Management, operating and leasing all types of investment properties.
- ▶ Establishment and management of real estate investment funds.
- ▶ It is permitted for the Parent Company to invest in managed funds managed by specialised managers.

Information on the Group structure is provided in Note 1.2 below. Information on other related party relationships of the Group is provided in Note 17.

### 1.2 GROUP INFORMATION

#### a) Subsidiaries

The consolidated financial statements of the Group include the following material subsidiaries:

<i>Name</i>	<i>Country of incorporation</i>	<i>% equity interest</i>		<i>Principal activities</i>
		<i>2025</i>	<i>2024</i>	
Injazzat Entertainment Enterprises – K.S.C. (Closed)	Kuwait	<b>100%</b>	100%	Entertainment and tourism
Dhow Real Estate Company - B.S.C. (Closed)	Bahrain	<b>100%</b>	100%	Real estate
Al-Dhow International Real Estate Company – K.S.C. (Closed)	Kuwait	<b>100%</b>	100%	Real estate
Al Mal and Aqar Joint Project Company – W.L.L.*	Kuwait	-	100%	Real estate
Al Bateel Real Estate Company – L.L.C.	UAE	<b>100%</b>	100%	Real estate
Injazzat S.A.R.L.	Luxemburg	<b>100%</b>	100%	Real estate
Al Barsha Real Estate Company K.S.C (Closed)	Kuwait	<b>100%</b>	100%	Real estate
Injaz South Khaitan Real Estate Company W.L.L.	Kuwait	<b>100%</b>	100%	Real estate

\*During the year, the Group completed the liquidation of Al Mal and Aqar Joint Project Company – W.L.L.

# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

### 1.2 GROUP INFORMATION (continued)

#### a) Associates

Set out below are the associates of the Group as at 31 December. For more details, refer to Note 9.

<i>Name</i>	<i>Country of incorporation</i>	<i>% equity interest</i>		<i>Principal activities</i>
		<i>2025</i>	<i>2024</i>	
Al Yal Real Estate Company W.L.L.	Bahrain	50%	50%	Real estate
Al Sanbook Real Estate L.L.C.	UAE	25%	25%	Real estate
Al Yal Seef Residence Company W.L.L.*	Bahrain	-	50%	Real estate
Cancorp Duisburg S.A.R.L.	Luxemburg	50%	50%	Real estate
First Real Estate Company – B.S.C. (Closed)	Bahrain	30%	30%	Real estate
Urban Quarter Company W.L.L	Bahrain	50%	50%	Real estate

\* This entity was liquidated during the current year and had been fully written off in prior years.

### 2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and financial assets at fair value through profit or loss that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars (“KD”), which is also the functional of the Parent Company.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### **New standards, interpretations, and amendments adopted by the Group**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### ***Lack of Exchangeability (Amendments to IAS 21)***

For annual reporting periods beginning on or after 1 January 2025, *Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity’s financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

This amendment did not have a material impact on the Group’s consolidated financial statements.

Other amendments to IFRS Accounting Standards which are effective for annual accounting period starting from 1 January 2025 did not have any material impact on the accounting policies, financial position or performance of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

### 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

In April 2025, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION

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

#### 2.4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee
- ▶ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement(s) with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.1 Basis of consolidation (continued)**

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**2.4.2 Investment in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but, is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of results of an associate in the consolidated statement of profit or loss.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.4.3 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost using effective interest rate.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

#### 2.4.4 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### i) *Financial assets*

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Financial assets at amortised cost (debt instruments)
- ▶ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ▶ Financial assets at fair value through profit or loss.

##### a) *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.4 Financial instruments – initial recognition and subsequent measurement (continued)**

**b) Financial assets at fair value through OCI (debt instruments)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**c) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes certain equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- ▶ The rights to receive cash flows from the asset have expired; or
- ▶ 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 the 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 of 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 its 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**ii) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of IFRS 9.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and account payables, net of directly attributable transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.4 Financial instruments – initial recognition and subsequent measurement (continued)**

*ii) Financial liabilities (continued)*

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- ▶ Financial liabilities at fair value through profit or loss
- ▶ Financial liabilities at amortised cost (including loans and borrowings)

The Group has not designated any financial liability as at fair value through profit or loss as financial liabilities at amortised cost is more relevant to the Group.

***Financial liabilities at amortised cost***

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

*Accounts payable and accruals*

Accounts payable and accruals are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

**Derecognition**

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

*iii) Offsetting of financial instruments*

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

**2.4.5 Impairment of financial assets**

Equity investments are not subject to ECLs. Further, the Group has no debt investments measured at FVOCI.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.5 Impairment of financial assets (continued)**

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**2.4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. 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 profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying appropriate valuation models.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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.

**2.4.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2.4.8 Property and equipment**

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures and equipment	3 - 5 years
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The carrying values of property and equipment 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, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in profit or loss as the expense is incurred.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate. Depreciation of these assets commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.9 Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group’s CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**2.4.10 End of service benefits**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.11 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.4.12 Treasury shares**

The Group's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in equity (treasury shares reserve) which is non-distributable. 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 reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares and the voting rights related to these shares are discarded. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

**2.4.13 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**2.4.14 Dividend distribution**

The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the companies' law, a distribution is authorised when it is approved by the shareholders at the annual general assembly ("AGM"). A corresponding amount is recognised directly in equity.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

**2.4.15 Revenue recognition**

*Rental income*

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises.

*Fee income*

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission and asset management fees.

*Revenue from sale of real estate*

Income from the sale of real estates is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the asset.

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.16 Dividend income**

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

**2.4.17 Interest income and expense**

Interest income and expense are recognised in the consolidated statement of profit or loss for all interest-bearing financial instruments using the effective interest (EIR) method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

**2.4.18 Taxes**

*Kuwait Foundation for the Advancement of Sciences (KFAS)*

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

*National Labour Support Tax (NLST)*

NLST is calculated at 2.5% of the profit for the year attributable to the Parent Company in accordance with Law No. 19 of 2000 and the Ministry of Finance resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. Cash dividends from listed companies which are subjected to NLST are deducted from the profit for the year to determine the taxable profit.

*Zakat*

Contribution to Zakat is calculated at 1% of the profit for the year attributable to Parent Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

**2.4.19 Foreign currencies**

The Group's consolidated financial statements are presented in Kuwaiti Dinar, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.19 Foreign currencies (continued)**

*Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into KD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

**2.4.20 Fiduciary assets**

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the consolidated financial statements, as they are not assets of the Group.

**2.4.21 Contingencies**

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.

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

**2.4.22 Segment information**

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers, distribution methods and nature of regulatory environment where appropriate are aggregated and reported as reportable segments.

**2.4.23 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability; or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.23 Fair value measurement (continued)**

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

**2.4.24 Leases**

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

**i) Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any premeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Group's leases are for a duration of four to five years, from the date of inception of the lease.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies - *Impairment of non-financial assets*.

*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4.24 Leases (continued)**

**i) Group as a lessee (continued)**

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**ii) Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Significant judgments**

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

***Classification of real estate properties***

Determining the classification of a property depends on particular circumstances and management's intentions. Property that is held for resale in the ordinary course of business or that in the process of development for such sale is classified as inventory. Property held to earn rental income or for capital appreciation, or both is classified as investment property. Property held for use in the production or supply of goods and services or for administrative purposes is classified as property and equipment.

***Control assessment of structured entities***

The Group has ownership interest in structured entities. Structured entities encompass a wide variety of often complex arrangements and require a detailed and specific assessment of the investee's relevant activities and the investor's rights to make decisions about them. Further considerations shall be made as to whether the Group has the practical ability to direct the relevant activities, its exposure to variable returns, and ability to affect those returns by exercising its power over the investee. Reaching a conclusion may involve significant judgement.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

***Valuation of investment properties***

The fair value of investment properties is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 *Fair Value Measurement*.

Investment properties under construction are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Note 10.

***Fair value measurement***

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**3 INTEREST INCOME**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
Interest income on bank balances	<b>297,740</b>	425,523
Interest income on receivables from a related party (Note 17)	<b>179,419</b>	197,688
Other interest income	-	2,449
	<b>477,159</b>	<b>625,660</b>

**4 EARNINGS PER SHARE (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<b>2025</b>	<b>2024</b>
Profit for the year attributable to the equity holders of the Parent Company (KD)	<b>2,636,558</b>	3,017,857
Weighted average number of ordinary shares (shares)	<b>345,648,600</b>	345,648,600
Less: weighted average number of treasury shares (shares)	<b>(4,959,169)</b>	(7,307,970)
Weighted average number of shares outstanding (shares)	<b>340,689,431</b>	338,340,630
Basic and diluted earnings EPS (fils)	<b>7.74</b>	8.92

# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

### 5 CASH AND CASH EQUIVALENTS

	2025 KD	2024 KD
Cash on hand	3,684	344
Bank balances	4,252,346	2,695,341
Cash and bank balances	<u>4,256,030</u>	<u>2,695,685</u>
Short-term deposits maturing within three months	5,266,653	7,817,337
<b>Cash and cash equivalents</b>	<u><u>9,522,683</u></u>	<u><u>10,513,022</u></u>

Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group with local and foreign financial institutions and carry an average effective interest rate of 3.90% per annum (2024: 4.50% per annum).

### 6 TERM DEPOSIT

Time deposit amounting to KD 458,777 (2024: KD 464,868) are restricted and held against letters of guarantee provided to the Group (Note 22) and earn interest at the respective term deposit rate.

### 7 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2025 KD	2024 KD
<b>Financial assets</b>		
Receivables from related parties (Note 17)	57,681	26,773
Receivables on sale of investment property <sup>1</sup>	3,207,792	3,457,492
Other receivables	1,406,289	1,351,997
	<u>4,671,762</u>	<u>4,836,262</u>
<b>Non-financial assets</b>		
Prepayments and advances	1,311,750	1,803,762
	<u>5,983,512</u>	<u>6,640,024</u>
<b>Non-current</b>	<u>3,224,590</u>	3,537,791
<b>Current</b>	<u>2,758,922</u>	3,102,233
	<u><u>5,983,512</u></u>	<u><u>6,640,024</u></u>

<sup>1</sup> Receivable on sale of investment property includes an amount of KD 3,207,792 (2024: KD 3,457,492) which yields an interest at CBK discount rate plus 1.50% (2024: CBK discount rate plus 1.50%) per annum. For further information on terms and conditions relating to related party receivables, refer to Note 17.

The classes within accounts receivable do not contain impaired assets.

The maximum exposure to credit risk exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Note 19.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses on the Group's trade receivables. Other classes within accounts receivable do not contain impaired assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Financial assets at fair value through profit or loss:		
- Unquoted equity securities	<u>5,361,063</u>	<u>8,561,747</u>

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 20.

Unquoted equity securities represent the Group's interests in unconsolidated structured entities. The Group concluded that it does not control and therefore should not consolidate the structured entities.

**Details of nature, purpose and activities of unconsolidated structured entities**

The Group is principally involved with structured entities through investments in and sponsoring structured entities that provide specialised investment opportunities. Structured entities are generally used by the Group to finance the purchase of investment properties by issuing debt and equity securities that are collateralised by the assets held in the structured entities.

**Risk associated with unconsolidated structured entities**

Management assessed that the Group's maximum exposure to loss for its involvement with structured entities at the reporting date is the carrying value of these interests. In making the assessment, considerations were made to commitments and guarantees related to these interests and the Group's contractual and non-contractual involvement.

The following table summarises the net asset value of interests in unconsolidated structured entities recognised in the consolidated statement of financial position of the Group, as at 31 December:

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Assets	42,383,462	42,538,500
Liabilities	<u>27,648,689</u>	<u>25,550,900</u>
Net assets	<u>14,734,773</u>	<u>16,987,600</u>

The structured entities had no contingent liabilities or capital commitments as at 31 December 2025 or 2024.

The Group's interests in unconsolidated structured entities are located in the following geographical locations:

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
United States of America	<u>14,734,773</u>	<u>16,987,600</u>

The following table illustrates the details of income and expenses included in the consolidated statement of profit or loss for structured entities.

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Change in fair value of financial assets at fair value through profit or loss	<u>187,805</u>	<u>1,070,755</u>
Distribution income from financial assets at fair value through profit or loss	<u>876,663</u>	<u>512,328</u>

## Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

#### 9 INVESTMENT IN ASSOCIATES

##### Summarised financial information for associates

The following table illustrates the summarised financial information of the associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts.

	<i>Al Yal Real Estate Company W.L.L.</i>		<i>First Real Estate Company B.S.C. (Closed)</i>		<i>Cancorp Duisburg S.A.R.L.</i>		<i>Individually immaterial associates</i>		<i>Total</i>	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Current assets	4,072,969	3,428,510	6,062,889	5,205,161	1,431,652	849,909	475,136	965,974	12,042,646	10,449,554
Non-current assets	24,529,033	22,730,578	60,610,268	59,130,483	17,746,938	16,670,888	5,374	8,988	102,891,613	98,540,937
Current liabilities	2,553,952	525,455	5,102,847	1,687,321	481,796	610,269	313,880	869,839	8,452,475	3,692,884
Non-current liabilities	5,977,444	6,181,693	21,680,142	22,223,805	15,380,680	13,913,780	13,362	13,847	43,051,628	42,333,125
Equity	20,070,606	19,451,940	39,890,168	40,424,518	3,316,114	2,996,748	153,268	91,276	63,430,156	62,964,482
Ownership interest held by the Group	50%	50%	29.812%	29.812%	50%	50%	-	-	-	-
Group's carrying amount of the investment	10,035,303	9,725,971	11,892,057	12,051,357	1,658,057	1,498,374	76,634	45,664	23,662,051	23,321,366
Revenue	1,868,847	2,288,321	4,692,316	5,040,497	979,832	588,537	397,731	362,197	7,938,726	8,279,552
Profit (loss) for the year	789,122	1,192,705	1,175,636	1,360,464	40,402	(206,795)	62,746	36,842	2,067,906	2,383,216
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	789,122	1,192,705	1,175,636	1,360,464	40,402	(206,795)	62,746	36,842	2,067,906	2,383,216
Dividends received from associates	-	-	407,745	406,137	-	-	-	-	407,745	406,137
Group's share of results for the year	395,826	594,049	353,150	404,283	20,201	(103,397)	31,474	18,337	800,651	913,272

## Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

#### 9 INVESTMENT IN ASSOCIATES (continued)

A reconciliation of the above summarised financial information to the carrying amount of the associates is set out below:

	<i>Al Yal Real Estate Company W.L.L.</i>		<i>First Real Estate Company B.S.C. (Closed)</i>		<i>Cancorp Duisburg S.A.R.L.</i>		<i>Individually immaterial associates</i>		<i>Total</i>	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
<b>Reconciliation to carrying amounts:</b>										
Opening net assets at 1 January	9,725,971	9,087,595	12,051,357	12,000,700	1,498,374	1,701,027	45,664	(54,443)	23,321,366	22,734,879
Additional contribution / Disposal*	-	1,625	-	-	-	-	-	81,753	-	83,378
Dividend	-	-	(407,745)	(406,137)	-	-	-	-	(407,745)	(406,137)
Share of results for the year	395,826	594,049	353,150	404,283	20,201	(103,397)	31,474	18,337	800,651	913,272
Foreign currency	(86,494)	42,702	(104,705)	52,511	139,482	(99,256)	(504)	17	(52,221)	(4,026)
At 31 December	<b>10,035,303</b>	<b>9,725,971</b>	<b>11,892,057</b>	<b>12,051,357</b>	<b>1,658,057</b>	<b>1,498,374</b>	<b>76,634</b>	<b>45,664</b>	<b>23,662,051</b>	<b>23,321,366</b>

The above associates are private entities that are not listed on any stock exchange; therefore, no quoted market prices are available for its shares.

As at 31 December 2025, investment in associates with a carrying amount of KD 21,005,099 (2024: KD 20,842,714) are pledged as security to fulfil collateral requirements of certain loans and borrowings (Note 15).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**10 INVESTMENT PROPERTIES**

	2025 KD	2024 KD
Lands for development	8,041,286	8,112,374
Investment properties under construction	19,987,643	13,960,000
Developed properties	30,034,724	29,509,378
	<u>58,063,653</u>	<u>51,581,752</u>

The movement in investment properties during the year is as follows:

	2025 KD	2024 KD
At 1 January	51,581,752	57,566,036
Capitalised borrowing costs <sup>1</sup>	262,500	280,856
Capital expenditure on owned property <sup>1</sup>	5,395,071	2,196,297
Disposal/transfer of investment properties <sup>2</sup>	-	(8,900,000)
Change in fair value <sup>3</sup>	1,040,515	330,418
Foreign currency translation adjustments	(216,185)	108,145
At 31 December	<u>58,063,653</u>	<u>51,581,752</u>

The Group's investment properties are located in the following geographical locations:

	2025 KD	2024 KD
Kuwait	22,537,643	16,510,000
Other GCC countries	35,526,010	35,071,752
	<u>58,063,653</u>	<u>51,581,752</u>

<sup>1</sup> During the year, the Group incurred development expenditure, including borrowing cost amounting to KD 5,657,571 (31 December 2024: KD 2,477,153).

<sup>2</sup> During the year ended 31 December 2024, the Group has disposed certain units within its investment properties with carrying value of KD 8,900,000 for total consideration of KD 9,931,341 and recognized gain of KD 1,031,341 in the consolidated statement of profit and loss. There were no such disposal during the current year.

<sup>3</sup> The fair value of investment properties is determined based on valuations performed by independent and accredited valuers with recognised and relevant professional qualification and with recent experience in locations and categories of investment properties being valued. The valuation models applied are consistent with the principles in IFRS 13 and fair value is determined using a mix of the discounted cashflow approach, income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitalisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm'). Based on these valuations, the fair value of investment properties witnessed a increase of KD 1,040,515 compared to its carrying values as at 31 December 2025 (2024: Increase of KD 330,418).

Investment properties with a carrying value of KD 28,028,929 (2024: KD 22,072,375) are pledged as security to fulfil collateral requirements of certain bank borrowings (Note 15).

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2025 and 2024 are disclosed in Note 20.2.

# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

### 11 SHARE CAPITAL, SHARE PREMIUM AND DIVIDENDS

#### (a) Share capital

	<u>Number of shares</u>		<u>Authorised, issued and fully paid</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
			<u>KD</u>	<u>KD</u>
Shares of 100 fils each (paid in cash)	<u>345,648,600</u>	<u>345,648,600</u>	<u>34,564,860</u>	<u>34,564,860</u>

#### (b) Share premium

Share premium is not available for distribution.

#### (c) Distributions made and proposed

The annual general meeting (AGM) of the shareholders of the Parent Company held on 17 April 2025 (2023: 18 March 2024) approved the consolidated financial statements for the year ended 31 December 2023 with the distribution of cash dividend of 5 fils (2023: 5 fils) per share amounting to KD 1,691,703 for the year ended 31 December 2024 and directors' remuneration of KD 70,000 (2023: KD 70,000) for the year then ended.

On 4 August 2025, the Board of Directors approved distribution of an interim non-cash dividend in the form of treasury shares at the rate of 2%. On 8 September 2025, the Parent Company distributed the related treasury shares to the shareholders. The non-cash dividend was recorded as a reduction in treasury shares of KD 583,658 with a corresponding adjustment to treasury shares reserve of KD 514,283 and retained earnings of KD 1,097,941.

The Board of Directors in their meeting held on 11 February 2026, proposed a cash dividend of 6 fils per share (2024: 5 fils) for the year ended 31 December 2025. Proposed dividends on ordinary shares are subject to approval at the annual general assembly meeting and are not recognised as a liability as at 31 December.

### 12 STATUTORY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before tax and board of directors' remuneration shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

### 13 VOLUNTARY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a maximum of 5% of the profit for the year before tax and board of directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

### 14 TREASURY SHARES

	<u>2025</u>	<u>2024</u>
Number of treasury shares	<b>558</b>	7,307,970
Percentage of total outstanding shares (%)	<b>0.0002%</b>	2.11%
Cost (KD)	<b>48</b>	625,684
Market value (KD)	<b>84</b>	738,105

The treasury share reserve is not available for distribution during the holding of any treasury shares by Group as per CMA guidelines.

Following the distribution of non-cash interim dividend, both treasury shares and the corresponding treasury share reserve were adjusted by KD 583,658 and KD 514,283 respectively (Note 11c).

# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

### 15 LOANS AND BORROWINGS

	<i>Currency</i>	<i>Rate</i>	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
		CBK discount rate		
		Plus 1.25% to		
		1.50%		
Bank borrowings	Kuwaiti Dinar		<b>36,500,000</b>	36,500,000
Total current			<b>27,500,000</b>	-
Total non-current			<b>9,000,000</b>	36,500,000
			<b>36,500,000</b>	36,500,000

The Group's secured bank borrowings comprise of:

- ▶ Commercial bank loan amount to KD 26,500,000 (2024: KD 26,500,000) from a credit facility having a cash limit of KD 34,150,000 (2024: KD 34,150,000), which carries a profit/interest rate of 1.50% (2024: 1.50%) per annum over CBK discount rate and which is repayable by amounts KD 5,458,000 and KD 21,042,000 on 15 July 2026 and 15 August 2026 respectively.
- ▶ Islamic financing amounting to KD 10,000,000 (2024: KD 10,000,000) from a credit facility having a cash limit of KD 20,000,000 (2024: KD 20,000,000), which carries a profit rate of 1.25% (2024: 1.25%) per annum over CBK discount rate. The financed amount of KD 250,000 is repayable on quarterly basis during 2026, with an amount of KD 1,000,000 repayable annually from 2027 till 2030 and have final maturity payment of KD 5,000,000 on 31 March 2031.

Subsequent to the reporting date, contractual repayment terms were revised resulting in amount of KD 250,000 repayable on quarterly basis during 2027, with an amount of KD 1,000,000 repayable annually from 2028 till 2031 and have final maturity payment of KD 5,000,000 on 31 January 2032.

Bank borrowings are secured over certain of the Group's investment properties and investment in associates (Notes 9 and 10).

Information about the Group's exposure to interest rate and liquidity risks is included in Note 19.

#### *Changes in liabilities arising from financing activities:*

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	<i>Borrowings</i>		<i>Leases</i>	
	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
As at 1 January	<b>36,500,000</b>	36,500,000	<b>392,970</b>	466,838
New lease	-	-	<b>51,860</b>	47,215
Financing cash flows:				
<i>Repayments</i>	-	(10,000,000)	<b>(150,126)</b>	(144,013)
<i>Proceeds</i>	-	10,000,000	-	-
Other changes	-	-	<b>20,924</b>	22,930
<b>As at 31 December</b>	<b>36,500,000</b>	36,500,000	<b>315,628</b>	392,970

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**16 ACCOUNTS PAYABLE AND OTHER LIABILITIES**

	2025 KD	2024 KD
Accounts payable	316,086	331,170
Rental income received in advance	715,846	603,417
Advance received on sale of investment property	63,932	54,355
Accrued interest	722,740	824,014
Accrued expenses	1,550,334	996,139
Lease liabilities	315,628	392,970
Employees' end of service benefits	813,758	742,572
KFAS payable	28,312	28,570
Retention payable	548,423	206,727
Other liabilities	776,137	442,478
	<u>5,851,196</u>	<u>4,622,412</u>
Non-current	977,695	1,011,054
Current	4,873,501	3,611,358
	<u>5,851,196</u>	<u>4,622,412</u>

For explanations on the Group's liquidity risk management processes, refer to Note 19.3.

**17 RELATED PARTY DISCLOSURES**

The Group's related parties include its associates, major shareholders, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they 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 Group's management.

The following table shows the aggregate value of transactions and outstanding balances with related parties:

	2025 KD	2024 KD
<b>Consolidated statement of financial position</b>		
Receivables from related parties (Note 7)		
<i>Associate</i>	<u>57,681</u>	<u>26,773</u>
Receivables on sale of investment property (Note 7)		
<i>Major shareholder</i>	<u>3,207,792</u>	<u>3,457,492</u>
<b>Consolidated statement of profit or loss</b>		
Management fees		
<i>Associate</i>	81,692	81,342
<i>Major shareholder</i>	59,330	41,100
Interest income on receivables from a related party		
<i>Major shareholder</i>	<u>179,419</u>	<u>197,688</u>
	<u>320,441</u>	<u>320,130</u>

**Terms and conditions of transactions with related parties**

Except for receivables on sale of investment property (Note 7), outstanding balances at the year-end are unsecured, interest free and repayable on demand. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2025, the Group has not recorded any allowances for expected credit losses relating to amounts owed by related parties (2024: KD Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**17 RELATED PARTY DISCLOSURES (continued)**

Receivable on sale of investment property carries an interest rate of 1.5% (2024: 1.50%) per annum over CBK discount rate carries and is secured by an investment property registered in the name of the Group and can be called upon if the counterparty is in default under the terms of the agreement.

**Transactions with key management personnel**

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows.

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
<i>Compensation of key management personnel of the Group</i>		
Salaries and short-term benefits	<b>403,842</b>	499,837
Employees' end of service benefits	<b>41,063</b>	59,452
Board of Directors remuneration	<b>70,000</b>	70,000
	<b>514,905</b>	629,289

The Board of Directors of the Parent Company proposed directors' remuneration amounting to KD 70,000 for the year ended 31 December 2025 (31 December 2024: KD 70,000), which is subject to the approval of the shareholders.

## Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

#### 18 SEGMENT INFORMATION

For management purposes, the Group's activities are concentrated in real estate investments. The Group's activities are concentrated in two main segments: Domestic (Kuwait) and International (Kingdom of Bahrain, United Arab Emirates, Europe and USA). The Group's segments information are as follows:

	2025			2024		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
Rental income	177,000	3,228,716	3,405,716	177,000	2,739,036	2,916,036
Valuation gain from investment properties	278,919	761,596	1,040,515	247,768	82,650	330,418
Gain on sale of investment properties	-	-	-	1,031,341	-	1,031,341
Change in fair value of financial assets at FVTPL	-	187,805	187,805	-	1,070,755	1,070,755
Distribution income from financial assets at FVTPL	-	876,663	876,663	-	512,328	512,328
Management fees	31,476	186,904	218,380	15,704	172,473	188,177
Interest income	458,495	18,664	477,159	601,602	24,058	625,660
Other income	4,371	56,410	60,781	106,795	72,114	178,909
Share of results of associates	-	800,651	800,651	-	913,272	913,272
Net foreign exchange differences	(29,831)	-	(29,831)	25,431	-	25,431
<b>Total income</b>	<b>920,430</b>	<b>6,117,409</b>	<b>7,037,839</b>	<b>2,205,641</b>	<b>5,586,686</b>	<b>7,792,327</b>
Real estate operating costs *	(23,132)	(1,091,081)	(1,114,213)	(33,456)	(1,153,893)	(1,187,349)
Staff costs **	(817,721)	-	(817,721)	(948,839)	-	(948,839)
Depreciation	(111,707)	(30,247)	(141,954)	(113,390)	(30,379)	(143,769)
Administrative expenses	(171,432)	(42,300)	(213,732)	(143,269)	(42,409)	(185,678)
Consultancy and professional fees	(237,911)	(13,666)	(251,577)	(308,574)	(22,454)	(331,028)
Finance costs	(292,850)	(1,439,120)	(1,731,970)	(372,116)	(1,460,504)	(1,832,620)
Taxation	(130,114)	-	(130,114)	(145,187)	-	(145,187)
<b>Total expenses</b>	<b>(1,784,867)</b>	<b>(2,616,414)</b>	<b>(4,401,281)</b>	<b>(2,064,831)</b>	<b>(2,709,639)</b>	<b>(4,774,470)</b>
<b>(Loss) profit for the year</b>	<b>(864,437)</b>	<b>3,500,995</b>	<b>2,636,558</b>	<b>140,810</b>	<b>2,877,047</b>	<b>3,017,857</b>

\*Real estate operating costs are entirely attributable to investment properties that generate rental income.

\*\* Staff costs includes director remuneration for the current year.



# Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 18 SEGMENT INFORMATION (continued)

	31 December 2025			31 December 2024		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
Total assets	31,593,412	71,774,975	103,368,387	24,759,926	76,722,768	101,482,694
Total liabilities	9,778,596	32,572,600	42,351,196	9,060,358	32,062,054	41,122,412
Commitments	12,022,626	-	12,022,626	15,734,819	-	15,734,819
<b>Other disclosures</b>						
	<b>Domestic KD</b>	<b>International KD</b>	<b>Total KD</b>	<b>Domestic KD</b>	<b>International KD</b>	<b>Total KD</b>
Total non-current assets <sup>1</sup>	22,814,579	59,227,773	82,042,352	16,892,483	58,410,550	75,303,033
Additions to non-current assets <sup>2</sup>	5,663,733	52,525	5,716,258	2,485,637	83,378	2,569,015
Investment in associates	-	23,662,051	23,662,051	-	23,321,366	23,321,366

<sup>1</sup>Non-current assets for this purpose consist of property and equipment, investment properties and investment in associates.

<sup>2</sup>Additions to non-current assets consists of additions of property and equipment, investment properties and investment in associates.

### Disaggregated revenue information

The following presents the disaggregation of the Group's revenue from contracts with customers:

	31 December 2025			31 December 2024		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
<i>Timing of revenue recognition</i>						
Services performed at a point in time	-	-	-	1,031,341	4,706	1,036,047
Services performed over time	14,106	204,274	218,380	14,579	168,893	183,472
	14,106	204,274	218,380	1,045,920	173,599	1,219,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial liabilities comprise bank borrowings and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include receivables and cash and balances that derive directly from its operations. The Group also holds investments in equity instruments.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Parent Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**19.1 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank borrowings, other payables, cash at bank, equity investments and certain accounts receivable.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**a) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the KD. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group currently does not use financial derivatives to manage its exposure to currency risk. The Group manages its foreign currency risk based on the limits determined by management and a continuous assessment of the Group's open positions, current and expected exchange rate movements. The Group ensures that its net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the KD.

The following tables set out the Group's exposure to foreign currency exchange rates on monetary financial assets and (liabilities) at the reporting date:

	<i>2025</i> <i>Equivalent</i> <i>KD</i>	<i>2024</i> <i>Equivalent</i> <i>KD</i>
US Dollar (USD)	<b>655,412</b>	539,638
UAE Dirham (AED)	<b>5,390,502</b>	8,246,583
Bahraini Dinars (BHD)	<b>550,519</b>	402,928
Euro (EUR)	<b>(249,123)</b>	79,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**  
(continued)

**19.1 Market risk (continued)**

**a) Foreign currency risk (continued)**

*Foreign currency sensitivity*

The following tables demonstrate the effect of a reasonably possible change in the aforementioned exchange rates, with all other variables held constant. The impact on the Group's profit due to changes in the fair value of monetary assets and liabilities is as follows:

Currency	Change in exchange rate	Effect on profit or loss (relates to monetary financial assets and liabilities)	
		2025	2024
		KD	KD
USD	+10%	65,541	53,963
	-10%	(65,541)	(53,963)
AED	+10%	539,050	824,658
	-10%	(539,050)	(824,658)
BHD	+10%	55,051	40,292
	-10%	(55,051)	(40,292)
EUR	+10%	(24,912)	7,943
	-10%	24,912	(7,943)

There is no sensitivity effect on OCI as the Group has no assets classified as fair value through OCI or designated hedging instruments.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowings with floating interest rates. During 2025 and 2024, the Group's borrowings at variable rate were mainly denominated in KD.

The Group's policy is to manage its interest cost by availing competitive credit facilities from local financial institutions and constantly monitoring interest rate fluctuations.

*Exposure to interest rate risk*

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	2025 KD	2024 KD
<b>Variable-rate instruments</b>		
Financial assets	8,933,222	11,739,698
Financial liabilities	(36,500,000)	(36,500,000)
	<u>(27,566,778)</u>	<u>(24,760,302)</u>

*Cash flow sensitivity analysis for variable-rate instruments*

A reasonably possible increase of 50 basis points (2024: 50 basis points) in interest rates at the reporting date would have resulted in a decrease in profit for the year by KD 137,834 (2024: KD 123,802). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES  
(continued)**

**19.1 Market risk (continued)**

**c) Equity price risk**

The Group's equity investments are susceptible to market price risk arising from uncertainties about future values of the financial assets at fair value through profit or loss.

The Group holds strategic equity investments in structured entities, which complement the Group's operations (Note 8). Management believes that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

At the reporting date, the exposure to unquoted equity investments at fair value was KD 5,361,063 (2024: KD 8,561,747). Sensitivity analyses of these investments have been provided in Note 20.

**19.2 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily rental income receivables), including cash at banks and other financial instruments.

The Group's policy is to closely monitor the creditworthiness of the counterparties. In relation to rental income receivable, management assesses the tenants according to Group's criteria prior to entering into lease arrangements. The credit risk on bank balances is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
Bank balances and short-term deposits (Note 5)	<b>9,518,999</b>	10,512,678
Term deposits (Note 6)	<b>458,777</b>	464,868
Accounts receivable and other assets* (Note 7)	<b>4,671,762</b>	4,836,262
	<b><u>14,649,538</u></b>	<u>15,813,808</u>

\*Excluding prepayments and advances

***Bank balances and term deposits***

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies.

Impairment on bank balances and term deposits has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances and term deposits have low credit risk based on the external credit ratings of the counterparties and CBK guarantee of deposits placed with local banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**  
(continued)

**19.2 Credit risk (continued)**

*Trade receivables*

The Group uses a provision matrix based on the Group's historical observed default rates to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. As at the reporting date, the majority of the Group's counterparty exposure has a low risk of default and does not include any past-due amounts. Accordingly, management identified impairment loss to be immaterial.

*Amount due from related parties and other assets*

Other assets are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term. As a result, the impact of applying the expected credit risk model at the reporting date was immaterial.

As at 31 December 2025, the maximum credit exposure to a single counterparty amounted to KD 3,207,792 (2024: KD 3,457,492).

**19.3 Liquidity risk**

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banking facilities. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

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

	<i>Less than 3 months KD</i>	<i>3-12 months KD</i>	<i>More than 1 year KD</i>	<i>Total KD</i>
<b>2025</b>				
Accounts payable and other liabilities (excluding advances and employees' end of service benefits)	2,589,181	956,119	712,360	4,257,660
Loans and borrowings	-	28,757,937	10,412,897	39,170,834
	<u>2,589,181</u>	<u>29,714,056</u>	<u>11,125,257</u>	<u>43,428,494</u>
<b>2024</b>				
Accounts payable and other liabilities (excluding advances and employees' end of service benefits)	1,940,499	1,013,087	268,482	3,222,068
Loans and borrowings	-	1,982,500	39,447,760	41,430,260
	<u>1,940,499</u>	<u>2,995,587</u>	<u>39,716,242</u>	<u>44,652,328</u>

Subsequent to the reporting date, contractual repayment terms of loans and borrowings were revised resulting in rescheduling of loans and borrowings (Note15).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**20 FAIR VALUE MEASUREMENT**

**Fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

**20.1 Financial instruments**

The following tables provide the fair value measurement hierarchy of the Group's financial assets:

	<i>Significant unobservable inputs (Level 3) KD</i>
<i>31 December 2025</i>	
<i>Financial assets at FVTPL</i>	
Unquoted equity securities	<u>5,361,063</u>
<i>31 December 2024</i>	
<i>Financial assets at FVTPL</i>	
Unquoted equity securities	<u>8,561,747</u>

There were no transfers between any levels of the fair value hierarchy during 2025 or 2024.

**Valuation techniques**

The Group invests in structured entities that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. Since underlying assets are carried at fair value, the Group uses a NAV based valuation technique for these positions. The NAV of the investments is adjusted, as necessary, to reflect considerations such as market liquidity discounts and other specific factors related to the investments. Accordingly, such instruments are included within Level 3.

For all other financial assets and liabilities, management assessed that the carrying value approximates fair value.

**Reconciliation of Level 3 fair values**

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	<i>At 1 January KD</i>	<i>Total gain recognised in profit or loss KD</i>	<i>Net (sales) and purchases KD</i>	<i>At 31 December KD</i>
<i>31 December 2025</i>				
<i>Financial assets at FVTPL</i>				
Unquoted equity securities	<u>8,561,747</u>	<u>187,805</u>	<u>(3,388,489)</u>	<u>5,361,063</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**20 FAIR VALUE MEASUREMENT (continued)**

**20.1 Financial instruments (continued)**

**Reconciliation of Level 3 fair values (continued)**

	<i>At 1 January KD</i>	<i>Total gains recognised in profit or loss KD</i>	<i>Net (sales) and purchases KD</i>	<i>At 31 December KD</i>
<i>31 December 2024</i>				
<i>Financial assets at FVTPL:</i>				
Unquoted equity securities	7,490,992	1,070,755	-	8,561,747

**Description of significant unobservable inputs to valuation:**

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December are as shown below:

Significant unobservable valuation inputs	Range	Sensitivity of the input to fair value
		10% (2024: 10%) increase (decrease) in the discount would decrease (increase) the fair value by KD 1,131,656 (2024: KD 453,670)
Discount for lack of marketability (DLOM)	2025: 25% (2024: 25%)	

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

**20.2 Non-financial instruments**

The following tables provide the fair value measurement hierarchy of the Group's non-financial assets:

	<i>Significant unobservable inputs (Level 3) KD</i>
<i>31 December 2025</i>	
Investment properties	<u>58,063,653</u>
<i>31 December 2024</i>	
Investment properties	<u>51,581,752</u>

There were no transfers between any levels of the fair value hierarchy during 2025 or 2024.

Reconciliation for recurring fair value measurement of investment properties categorised within Level 3 of the fair value hierarchy is disclosed in Note 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**20 FAIR VALUE MEASUREMENT (continued)**

**20.2 Non-financial instruments (continued)**

There were no other changes in valuation techniques during the year. The table below illustrates the valuation techniques used to derive to Level 3 fair values and the significant unobservable inputs used in the fair value measurement of investment properties.

<i>Valuation technique</i>	<i>Fair value 2025 KD</i>	<i>Fair value 2024 KD</i>	<i>Key unobservable inputs</i>	<i>Range 2025</i>	<i>Range 2024</i>
Income capitalisation approach	<b>21,155,810</b>	20,563,712	▶ Average rent (per sqm) (KD)	<b>14 - 434</b>	12 – 432
			▶ Yield rate (%)	<b>4% to 12.79%</b>	5.08% to 10.32%
Discounted cashflow approach	<b>5,579,164</b>	5,628,482	▶ Discount Rate (%)	<b>12%</b>	12%
Market comparison approach	<b>31,328,679</b>	25,389,558	▶ Price (per sqm) (KD)	<b>150-9,924</b>	150-6,931

**Sensitivity analysis**

Significant increase (decrease) in average rent per sqm, yield rate and price per sqm in isolation would result in a significantly higher (lower) fair value of the properties.

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties.

	<i>Changes in valuation assumptions</i>	<i>Impact on profit for the year</i>	
		<i>2025</i>	<i>2024</i>
		<i>KD</i>	<i>KD</i>
Average rent	+ 5%	<b>1,497,957</b>	1,471,656
	- 5%	<b>(1,497,957)</b>	(1,471,656)
Yield rate	+ 50 bp	<b>(2,232,559)</b>	(2,650,255)
	- 50 bp	<b>2,232,559</b>	2,650,255
Price per sqm	+ 5%	<b>1,405,225</b>	1,107,431
	- 5%	<b>(1,405,225)</b>	(1,107,431)

**21 CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, transact in treasury shares, issue new shares, or sell assets to reduce debt.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt interest-bearing loans and borrowings, less cash and cash equivalents. For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves (excluding statutory reserve).

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**21 CAPITAL MANAGEMENT (continued)**

	2025 KD	2024 KD
Interest-bearing loans and borrowings	36,500,000	36,500,000
Less: cash and cash equivalents	(9,522,683)	(10,513,022)
Less: time deposits	(458,777)	(464,868)
<b>Net debt</b>	<b>26,977,317</b>	<b>25,986,978</b>
Capital	50,612,701	50,239,459
<b>Capital and net debt</b>	<b>77,590,018</b>	<b>76,226,437</b>
<b>Gearing ratio</b>	<b>34.77%</b>	<b>33.69%</b>

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

**22 COMMITMENTS AND CONTINGENCIES**

*Capital commitments*

As at 31 December 2025, the Group had ongoing construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment properties under development of KD 12,022,626 (2024: KD 15,734,819). There are no contractual commitments in respect of completed investment properties.

*Operating lease commitments – Group as a lessor*

The Group has entered into operating leases on its investment property portfolio. These leases have terms of between one and two years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

Future minimum rentals receivable under operating leases as at 31 December are, as follows:

	2025 KD	2024 KD
Within one year	1,765,000	1,941,403
After one year, but not more than 5 years	27,354	322,291
	<b>1,792,354</b>	<b>2,263,694</b>

*Legal claim contingency*

The Group operates in the real estate industry and is subject to legal disputes with tenants in the normal course of business. Management does not believe that such proceedings will have a material effect on its results and financial position.

*Contingencies*

	2025 KD	2024 KD
Letters of guarantee	873,760	859,851

The Group has contingent liabilities in respect of bank guarantee arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. Time deposits amounting to KD 458,777 (2024: KD 464,868) are restricted against letters of guarantee provided to the Group by its bank (Note 6).







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