شركة انجازات للتنمية العقارية

INJAZZAT REAL ESTATE DEVELOPMENT COMPANY

# 2024
# Annual Report

Injazzat Real Estate Development Company K.S.C.

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

**Dr. Abdulmohsen Medeij Al Medeij**
Chairman

**Mr. Bader Hamad Abdullah AlRabiah**
Vice Chairman

**Mr. Mohammad Ibrahim Al-Farhan**
Board Member & CEO

**Mr. Wafa Haidar Al-Shehabi**
Board Member

**Mrs. Reem Abdullah Al-Saleh**
Board Member

**Mr. Talal Sultan Ali Al-Shehab**
Board Member

**Mr. Hamad Imad Al-Sagar**
Board Member

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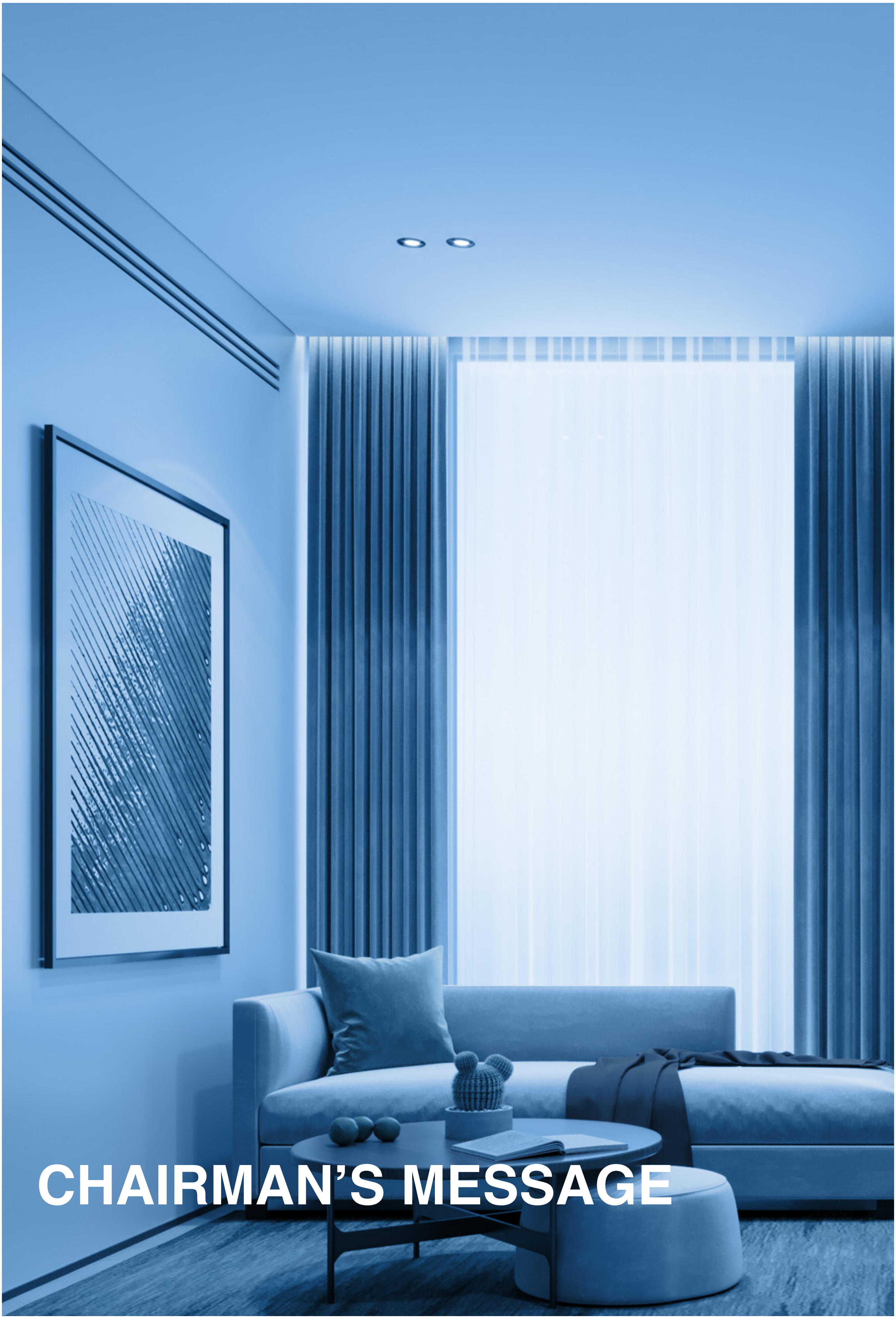

# CHAIRMAN'S MESSAGE

**Board of Directors report**
**Dear shareholders of Injazat Real Estate Development Company**

We are pleased to welcome you to the ordinary general assembly meeting for the financial year ending on December 31, 2024, of Injazat Real Estate Development Company, and we place in your hands the annual report, which includes the audited annual financial statements, the governance report, and the most prominent activities of the company during the year ending on December 31, 2024.

The year 2024 was a year full of various economic and political events, which carried with it many challenges and opportunities at all levels, as interest rates stabilized globally and began to gradually decline, which spread a state of optimism in global financial markets. Needless to say the ongoing competition between countries in the region to attract and localize investments, which is expected to reflect positively on the values of domestic products in 2025 and the following years.

In the midst of the above, the management of Injazat Real Estate Development Company succeeded in raising operating returns and maintaining high occupancy rates in most of its real estate investments, in addition to exiting a number of real estate investments and following up on the development work of a number of real estate investments under construction in the region, which are expected to be completed in the year 2026. Which will work alongside with the current real estate investments to achieve distinctive periodic returns and achieve annual profits that exceed those of their counterparts in the sector.

Locally, the company succeeded in exiting from a property in Al-Dajeej area building and achieving capital gains in addition to continuing the work of developing and building the Catamaran Tower, which is designated as administrative offices in Al-Mirqab area, which contains 44 floors, and which is expected to enhance the components of the company's real estate portfolio in the State of Kuwait.

The company continued to operate the units owned by the company in Prime Tower, located on AhmedAl Jaber Street in the Sharq region, which were leased to a Gulfbank in addition to other tenants.

In the Gulf, the company continued the operational work of the Catamaran I and Catamaran II towers in the Kingdom of Bahrain by selling a number of apartments and renting other apartments, ensuring that the company achieves distinguished and continuous periodic returns.

The company also continued the work of building and constructing a residential tower in the Seef area called Verandas by Catamaran in the Kingdom of Bahrain to be synonymous with the company's group of assets in the Arab Gulf countries.

In the United Arab Emirates, the company continued to achieve high operating and collection rates compared to its counterparts by following flexible, conservative policies, in addition to raising rates of operating returns and keeping pace with the real estate market prices in the United Arab Emirates. The company also continued to search for the best real estate opportunities and search for the best possible ways to benefit from the properties owned in the Emirate of Dubai.

Globally, the company continued to collect periodic rental returns in 2024 resulting from owning real estate in the United States of America and the Federal Republic of Germany, thus maintaining the previously expected cash flow rates, while being keen to search for new real estate opportunities that keep pace with the rapid changes in the European and global markets.

In terms of the company's financial position, the company›s assets amounted to 101.48 million Kuwaiti dinars at the end of 2024, compared to 102, 73 million Kuwaiti dinars at the end of 2023, while shareholders' equity amounted to 60.36 million Kuwaiti dinars, compared to 58.93 million Kuwaiti dinars in 2023, meaning a growth of 2.4%.

Loans and advances also decreased by a total amount of 2.67 million Kuwaiti dinars to become 41.12 million Kuwaiti dinars at the end of 2024, compared to 43 .80 million Kuwaiti dinars at the end of 2023.

The company achieved net profits amounting to 3.02 million Kuwaiti dinars in 2024, equivalent to 8.92 fils per share, compared to net profits amounting to 2.35 million Kuwaiti dinars in 2023, equivalent to 6.94 fils per share, after deducting taxes and the share of the Kuwait Foundation for the Advancement of Sciences. These profits are due to the company's success in exiting from a property in AL- Dajeej area in the State of Kuwait and refinancing Valpak's asset valuation in the United States of America at a higher value, which was reflected in the book value of the asset and the high level of profits. In addition to the high occupancy rates and rental values for real estate units in general, the company achieved revenues amounting to 7.8 million Kuwaiti dinars in 2024 compared to revenues amounting to 7 million Kuwaiti dinars in 2023, with total revenues increasing by 10.75% at the end of 2024.

In conclusion, I can only extend my great thanks to all members of the Board of Directors of Injazat Real Estate Development Company for all their contributions and efforts, which had a great impact on the company achieving profitability rates that contributed to the company continuing its leadership position among real estate companies in the region, which was reflected in the company's performance during the year 2024. I also extend my sincere thanks to all the company's employees and its subsidiaries and associates for their great efforts during the year 2024.

**Dr. Abdul Mohsin Madaj Al-Madaj**
Chairman of Board of Directors

# GOVERNANCE REPORT

**Injazzat Real Estate Development Company**
**Financial year ended on 31 December 2024**

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## Introduction

The Board of Directors of Injazzat Real Estate Development Company («the Company» or «Injazzat») is keen to implement the regulator's instructions and leading practices in the field of governance and compliance. Accordingly, Injazzat has been keen to enhance the role of the regulatory environment therein and to ensure the extent of Injazzat's commitment and its departments and activities to the regulatory instructions and governance rules which contribute to enhancing the principle of transparency, protecting the rights of shareholders and stakeholders, enhancing confidence in dealing and enabling effective control over the Injazzat's performance. Moving forward, the Board of Directors is pleased to present to the shareholders in its annual Governance Report the most important achievements related to the Company's commitment to the instructions of the Capital Markets Authority («CMA») regarding Module Fifteen – Corporate Governance. The following is a summary of Injazzat's most significant achievements in implementing of the corporate governance rules:

## Rule One: Building a Balanced Board Structure:

The Board of Directors of the Company consists of seven members as at 31 December 2024. The Board of Directors consists of a balanced structure comprising four non-executive members, two independent members and one executive member. By virtue of a resolution issued by the Board of Directors, Mr. Hamad Jassim Al-Saadoun was appointed as the secretary of the Board of Directors and its committees on 8 September 2024, who was selected from among the Company's employees, in accordance with the terms, requirements and governance regulations of the CMA and other regulator. The composition of the Board of Directors is also characterized by diversity in the academic qualifications and practical experience of the members of the Board of Directors. The Board of Directors was elected at the Company's Ordinary General Assembly held on 29 May 2022.

Overview of the formation of the Board of Directors, academic qualifications and practical experience of the members of the Board of Directors of the Company:

### Dr. Abdulmohsen Medeij Al Medeij

Chairman (Non-executive) Date of Election/ Appointment: 29 May 2022

**Academic qualification and practical experience:-**

- Holds a PhD in Philosophy – History from Durham University, England, in 1983.
- Minister of Oil 1994-1996.
- National Assembly Member 1992 – 2003.
- Deputy Prime Minister and Minister of Education and Higher Education 2011 –2014.
- Deputy Prime Minister and Minister of Commerce and Industry 2014-2015.
- More than 30 years of work experience in government agencies, banks and ministries in the State of Kuwait

### Mr. Bader Hamad Abdullah AlRabiah

Vice Chairman (Non-Executive) Date of Election/ Appointment: 27 November 2023

**Academic qualification and practical experience:-**

- He holds a Bachelor in Accounting from Kuwait University.
- More than 20 years of leadership experience in the private, commercial and various economic sectors.

### Mr. Mohammad Ibrahim Al-Farhan

Board Member and CEO (Executive) Date of Election/ Appointment: 29 May 2022

**Academic qualification and practical experience:-**

- Bachelor of Accounting – University of San Jose California in the United States.
- More than 30 years of experience in executive and leadership positions, boards of directors and representation of several companies in the fields of real estate and investment

### Mr. Wafa Haidar Al-Shehabi

Board Member (Non-Executive) Date of Election/ Appointment: 29 May 2022

**Academic qualification and practical experience:-**

- Master in Mechanical Engineering – University of Wisconsin in the United States.
- More than 40 years of work experience in the fields of investment and industry.

### Mrs. Reem Abdullah Eissa Al-Saleh

Board Member (Independent) Date of Election/ Appointment: 28 November 2022

**Academic qualification and practical experience:-**

- Bachelor of Accounting – Faculty of Commerce, Economics and Political Science Member of the Kuwait Association of Accountants and Auditors.
- 30 years of work experience in executive and leadership positions in the fields of financial and administrative affairs.

- She has served on the boards of several local companies and banks.

**Mr. Talal Sultan Ali Al-Shehab**

Board Member Date of Election/ Appointment: 27 January 2023

**Academic qualification and practical experience:-**

- Bachelor of Accounting from Kuwait University.
- More than 20 years of work experience in the private, commercial, banking and investment sectors.

**Mr. Hamad Imad Al-Sagar**

Board Member (Independent) Date of Election/ Appointment: 29 May 2022

**Academic qualification and practical experience:-**

- Bachelor of Finance – American University in Kuwait.
- 15 years of practical experience in financial analysis, corporate restructuring, project development and credit risk analysis in the field of local banks in the State of Kuwait.

The Board of Directors of the Company held (6) meetings during 2024. We summarize below an overview of the meetings of Injazzat's Board of Directors:

| Name | (Meeting (1 February 7 2024 | Meeting ((2 May 5 2024 | (Meeting (3 July 2024 29 | (Meeting (4 .Sep 8 2024 | (Meeting (5 October 30 2024 | (Meeting (6 Dec. 22 2024 |
|---|---|---|---|---|---|---|
| Dr. Abdulmohsen Medeij AlMedeij | √ | √ | √ | √ | √ | √ |
| Mr. Bader Hamad Abdullah AlRabiah | √ | √ | - | √ | √ | √ |
| Mr. Mohammad Ibrahim Al-Farhan | √ | √ | √ | √ | √ | √ |
| Mr. Wafa Haidar Al-Shehabi | √ | √ | √ | √ | - | √ |
| Mrs. Reem Abdullah Al-Saleh | √ | √ | √ | √ | √ | √ |
| Mr. Talal Sultan Ali Al-Shehab | √ | √ | √ | √ | √ | √ |
| Mr. Hamad Imad Al-Sagar | √ | √ | √ | √ | √ | √ |

*Mr. Saed Mahmoud Hamideh resigned from the Board Secretariat on 29 July 2024 and the Board of Directors appointed Mr. Hamad Jassim Al-Sadoun as the Secretary of the Board of Directors and its committees on 8 September 2024.

Applying the requirements of registration, coordination and keeping the minutes of the Company's Board of Directors meetings.

The Company is keen to record, coordinate and save the minutes of the Board of Directors meetings. The minutes number is recorded with date and time of the start and end of the meeting, location, and names of attendees. Discussions, deliberations and decisions taken by the Board during the meetings are recorded in the minutes. The minutes of the meetings are signed by all attending members. The Board Secretary also follows up the implementation of all resolutions of the Board of Directors in coordination with all concerned departments of the Company. The minutes of each meeting are kept with a serial number according to the year in a special record that is kept securely within the Company.

The Board Secretary has the qualifications that enables him to complete these tasks and responsibilities. The Board Secretary is responsible for coordinating the Board meetings, submitting reports, and preparing and keeping accurate minutes for each meeting separately.

## Independent Member Acknowledgement

I, the undersigned /Reem Abdullah Eissa Al-Saleh, Civil Number: 271061300028, declare, in my capacity as a member of the Board of Directors of Injazzat Real Estate Development Company K.S.C.P, declare that I am aware of the conditions for independence contained in the Capital Markets Authority's instructions, and I acknowledge the following:
I do not own 5% or more of the Company's shares, nor do I represent any of the shareholders who own 5% or more of the Company's shares.
I do not have any first degree relation with any of the members of the Board of Directors or the executive management of the Company or in any of its group or the Company's main related parties.
I am not a member of the board of directors of any company from the Company's group.
I am not an employee of the Company or any company in its group, or any of the Company's stakeholders.
I am not an employee of legal persons who own controlling shares in the Company.
I have no interest or relationship with the Company that may affect my independence, and I acknowledge that I am aware of the duties and responsibilities of the independent board member, and that I undertake to inform the Board of Directors immediately in the event of any change that may affect my independence in accordance with the aforementioned clauses. I also bear the responsibility for any obligation or violation that may be imposed on the Company in case I do not notify the Company of any change that may affect my independence.

The Declarant
Name: **Reem Abdullah Eissa Al-Saleh**
Signature:
Date: 9/2/2025

## Independent Member Acknowledgement

I, the undersigned /Hamad Emad Jassim Al-Saqr, Civil ID: 287112601506, declare, in my capacity as a member of the Board of Directors of Injazzat Real Estate Development Company K.S.C.P, declare that I am aware of the conditions for independence contained in the Capital Markets Authority's instructions, and I acknowledge the following:

- I do not own 5% or more of the Company's shares, nor do I represent any of the shareholders who own 5% or more of the Company's shares.
- I do not have any first degree relation with any of the members of the Board of Directors or the executive management of the Company or in any of its group or the Company's main related parties.
- I am not a member of the board of directors of any company from the Company's group.
- I am not an employee of the Company or any company in its group, or any of the Company's stakeholders.
- I am not an employee of legal persons who own controlling shares in the Company.
- I have no interest or relationship with the Company that may affect my independence, and I acknowledge that I am aware of the duties and responsibilities of the independent board member, and that I undertake to inform the Board of Directors immediately in the event of any change that may affect my independence in accordance with the aforementioned clauses. I also bear the responsibility for any obligation or violation that may be imposed on the Company in case I do not notify the Company of any change that may affect my independence.

The Declarant
Name: Hamad Imad Jassim Al-Sagar
Signature:
Date: 9/2/2025

## Rule Two: The Proper Identification of Duties and Responsibilities

The Board of Directors shall carry out all the work as required to manage the Company in accordance with its purposes. This authority shall not be limited except as provided by law, the Memorandum of Association of the Company or the resolutions of the General Assembly. The Company has an approved Delegation of Authority Manual approved 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 manual concerning the charters of the Board of Directors and committees to ensure the proper identification of duties and responsibilities. The Company also maintains job descriptions for members of the Board of Directors and the Executive Management, and the following is a brief summary 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:

- Approve the significant objectives, strategies, plans and policies of the Company.
- Approve the annual budgets and approve the interim and annual financial statements.
- Oversee the Company's main capital expenditures, owning and disposing of assets.
- Ensure the extent to which the Company adheres to the policies and procedures that ensure the Company's respects of the applicable internal regulations and systems.
- Ensure the accuracy and integrity of data and information to be disclosed in accordance with applicable disclosure and transparency policies and procedures.
- Establish effective channels of communication that allow the Company's shareholders to continuously and periodically review the various aspects of its activities and significant developments.
- Form specialized committees in accordance with a charter that clarifies the term, validity and responsibilities of the committee and how the Board controls thereupon. The formation decision also includes naming members and determining their tasks, rights and duties, as well as evaluating the performance and work of these committees and their main members.
- Ensure that the policies and regulations adopted by the Company are transparent and clear to support the decision-making process and the segregation of powers and authorities between the Board of Directors and the Executive Management.
- Determine the authorities that are delegated to the executive management, the decision-making procedures and the duration of the delegation. The Board shall also determine the topics on which it retains the power to decide, and the Executive Management shall present periodic reports cover its practices to the delegated powers.
- Control and supervise the performance of the members of the Executive Management and ensure that they perform all their duties.
- Determine the bonus segments that will be granted to the employees, such as the fixed and performance-related bonus segment.
- Appoint or dismiss any member of the Executive Management, including the Chief Executive Officer and the like.
- Develop a policy that regulates the relationship with stakeholders in order to preserve their rights.
- Develop a mechanism to regulate dealings with related parties in order to reduce conflicts of interest.
- Periodically ensure the effectiveness and adequacy of the internal control systems in force in the Company and its subsidiaries.
- Follow up the performance of each member of the Board of Directors and the Executive Management according to objective performance indicators.

During 2024, the Board of Directors completed its duties and responsibilities in accordance with the regulators' instructions.

**Injazzat's Executive Management shall assume the following general responsibilities:**

1. Oversee the implementation of the corporate governance framework established by the Board of Directors.
2. Apply strategies and action plans approved by the Board of Directors that reflect long-term and short-term objectives and priorities.
3. Assume the full responsibility before the Board of Directors for all aspects of the Company's operations and performance.
4. Ensure that adequate operational planning, risk management and financial control systems are in place and applicable.
5. Closely monitor financial transactions and results according to the plans and budgets.
6. Represent the Company before key customers, professional associations, service providers and regulators.
7. Prepare transparent and comprehensive performance reports and present them to the Board of Directors.
8. Comply with the regulators' requirements.
9. Other duties assigned to the Executive Management as directed by the Board of Directors and the regulator's instructions.

## The Board of Directors Committees

The Board of Directors has formed ad-hoc independent committees in order to assist it in assuming the duties entrusted thereto. The charters for these committees have been approved and their responsibilities have been defined by the Board of Directors, and their members have been appointed in accordance with the academic qualifications and practical 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 is to support the Board of Directors in verifying the adequacy of internal control systems, supervising internal audit and risk management processes, verifying the independence of the Company's external auditor and evaluating its performance.

### Composition of the Audit and Risk Management Committee

The Audit and Risk Management Committee was formed by the Board of Directors on 29 May 2022 as a permanent committee that will continue throughout the Board's term (three years).

The Committee is composed of three members, of whom two shall be "independent" and one shall be a non-executive member. The Committee held (4) meetings during 2024 as detailed below:

| Member Name | Position | Meeting (1) 4 Feb. 2024 | Meeting (2) 5 May 2024 | Meeting (3) 29 July 2024 | Meeting (4) 30 Oct. 2024 |
|---|---|---|---|---|---|
| Mr. Hamad Imad Al-Sagar | Committee Chair Member (Independent) | √ | √ | √ | √ |
| Mr. Wafa Haidar Al-Shehabi | Committee Member | √ | √ | √ | √ |
| Mrs. Reem Abdullah Al-Saleh | Committee Member (Independent) | √ | √ | √ | √ |

The following are the key duties, responsibilities and achievements of the Audit and Risk Management Committee

- Recommend to the Board of Directors the approval of the appointment of the internal auditor and determining his/her fees.
- Recommend to the Board of Directors the reappointment of the external auditors, determining their fees and reviewing their letters of appointment.
- Follow up the work of the external auditors and ensuring that they do not carry out other work for the Company save for the services required by the audit profession.
- Study the observations of the external auditors on the financial statements of the Company and follow up on what has been done in this regard.
- Examine the accounting policies followed by the Company and provide its opinion and recommendations to the Board thereon.
- Evaluate the adequacy of the internal control systems applied within the Company and prepare a report includes the related recommendations of the Committee.
- Review the periodic financial statements and present them to the Board of Directors and express an opinion and recommend for approval.
- Review and approve the audit plans proposed by the internal auditor and make observations thereon.
- Review the results of the reports of the regulators and ensure that the necessary measures have been taken.
- Ensure that the Company complies with the relevant laws, policies, systems and instructions.
- Review risk management strategies and policies.
- Review periodic reports of Risk Management Department and Internal Audit Department and study the key risk facing the Company.

## Second: Nomination and Remuneration Committee

The Nomination and Remuneration Committee “NRC”) aims to assist the Board of Directors to carry out its supervisory responsibilities and duties to ensure the nomination of the necessary competencies for executive and administrative positions in the Company, and to verify that they are carried out in accordance with an institutional framework characterized by efficiency and full transparency and is mainly in the interest of the Company and then achieve the objectives of shareholders. Further, to ensure the integrity and correctness of the rewards policy and provisions applied by the Company concerning the members of the Board of Directors and the Executive Management, and to verify that the remuneration policy followed by the Company is fair and contributes mainly to attracting human cadres with professional competence and high technical capabilities, in addition to establishing the principle of loyalty to the Company.

### Formation of the Nomination and Remuneration Committee

The NRC was formed by the Board of Directors on 29 May 2022 as a permanent committee that will continue throughout the Board's session (three-year term). The NRC consists of three members, includes one "non-executive" member and two independent members.

The NRC held three meetings during 2024 as shown below:

| .S | Member Name | Position | Meeting (1) February 4 2024 | (Meeting (2 July 24 2024 | Meeting (3) Septem- 8 ber 2024 |
|---|---|---|---|---|---|
| 1 | Dr. Abdulmohsen Medeij AlMedeij | NRC Chair | √ | √ | √ |
| 2 | Mr. Bader Hamad Abdullah AlRabiah | NRC Member | √ | √ | √ |
| 3 | Mrs. Reem Abdullah Al-Saleh | NRC Member (Independent) | √ | √ | √ |

### The key duties and achievements of the NRC

- Oversee the process of evaluating the Board of Directors, self-evaluation of members, and evaluate the CEO's performance.
- Recommend to the Board the acceptance of nomination and re-nomination of board members and executive management.
- Develop a clear policy for remuneration for board members and executive management.
- Determine the required needs for appropriate skills for membership of the Board of Directors and annually review those needs.
- Attract applications for those wishing to occupy executive positions as needed and review such applications.
- Ensure that there is no lack of independence for the independent member of the Board of Directors.
- Determine the different segments of bonuses to be granted to the employees.
- Develop job descriptions for board members.
- Prepare a report on the rewards granted to board members, executive management, and directors.
- Review the company's organizational structure and make amendments thereto.
- Review the salary structure for employees.

### Third: The Board Executive Committee

**The Committee's duties:**

The Board of Directors of the Company approved the establishment of the Board Executive Committee 29 May 2022. The Board approved the formation of the Committee and its work charter, where the duties, objectives and responsibilities of the Committee were determined. The Board Executive Committee was established with the aim of assisting the Board of Directors in performing its responsibilities towards the activities of the Company and its Executive Management in various financial, accounting, administrative, human resources activities, investment management and real estate and construction management.

### Formation of the Committee:

The Board of Directors forms the Board Executive Committee by appointing at least three members to the Committee, one of whom shall be a non-executive member of the Board of Directors. The membership of the Committee shall continue for a period of three years or until the end of the membership of the Board of Directors, whichever is shorter. The Board has approved the formation of the Board Executive Committee as follows:

| S. | Member Name | Capacity |
|---|---|---|
| 1 | Dr. Abdulmohsen Medeij AlMedeij | Committee Chair |
| 2 | Mr. Bader Hamad Abdullah AlRabiah | Vice Chair of the Committee |
| 3 | Mr. Mohammad Ibrahim Al-Farhan | Committee Member |

The Committee held (1) meeting during the 2024 on 28 January 2024, and the following are the highlights of its achievements:

1. Discuss the investment opportunities proposed and presented to the company.
2. Study the projects and programs provided by the Executive Management.
3. Study the executive policies of new projects and proposals.

Implement requirements that allow Directors of the Board to obtain accurate and timely information and data.

The Board Secretary prepares the administrative and legal requirements of the Board of

Directors, as it is the reference and supporting point for all Board members, and ensures that they receive the necessary information on time from all concerned departments and ensure that they are delivered to the members. The Secretary shall ensure that all decisions and discussions made are documented, and that the records of the minutes of the meeting, the minutes of the Board Committees, and the relevant documents and reports are preserved and organized.

### Rule Three: Selection of qualified persons for membership of the Board of Directors and Executive Management:

**Formation of the Nominations and Remuneration Committee**

The NRC is composed of three members, including one “non-executive” member and two independent members. The Committee held Three meetings during 2024.

### Remuneration for board members

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

**Remuneration of members of the Board of Directors:**

It 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 may not be estimated at more than 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 contract. The independent member of the Board of Directors may be exempted from the aforementioned maximum remuneration after the approval of the Ordinary General Assembly. The remuneration of the members of the Board of Directors must be approved by the company’s Ordinary General Assembly.

**Allowances for the Board of Directors' committees:**

These allowances represent the work done by the members of the Board of Directors in return for attending and participating in the work of the committees and performing the duties assigned to them by the committees after the Board of Directors has delegated them to complete them in accordance with the work regulations of the committees approved by the Board of Directors, and the member of the Board of Directors is granted an annual cash allowance for his/her participation in the work of each committee.

**Other Allowances:**

The other allowances represent cash in exchange for the Board of Directors authorizing one of its members to exercise some of the authorities and responsibilities entrusted to the Board in accordance with the provisions of Article 185 of the Companies Law No. 1 of 2016.

Executive Management Rewards and Incentives

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

**First: Fixed Bonuses and Allowances:**

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

**Second: Variable Rewards:**

Includes variable rewards associated with the performance and achievement of the Company goals. The NRC shall recommend to the Board of Directors the values of the remuneration proposed to be granted to the members of the Executive Management.

The following is an analysis of the remuneration granted to the members of the Board of Directors and the Executive Management during 2024:

<table>
<tr><th colspan="8">*Directors' remuneration and benefits</th></tr>
<tr><td rowspan="3">Total Number of Members</td><td colspan="3">Rewards and benefits through the Parent Company</td><td colspan="4">Rewards and benefits through subsidiaries</td></tr>
<tr><td>Fixed Rewards and Benefits<br>KWD</td><td colspan="2">Variable Rewards and Benefits<br>KWD</td><td colspan="2">Fixed Rewards and Benefits<br>KWD</td><td colspan="2">Variable Rewards and Benefits<br>KWD</td></tr>
<tr><td>Health Insurance</td><td>Annual bonus</td><td>Committees Remuneration</td><td>Health Insurance</td><td>Total monthly salaries during the year</td><td>Annual bonus</td><td>Committees Remuneration</td></tr>
<tr><td>9</td><td>-</td><td>30,000</td><td>65,000</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

| Total rewards and benefits granted to the five of the top executives who received the highest rewards, in addition to the CEO and CFO or whoever acting on their behalf if they are not therefrom | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rewards and benefits through subsidiaries | | | | | | | Rewards and benefits through the Parent Company | | | | | | | Total number of executive positions |
| Variable Rewards and Benefits ((KWD | (Fixed Rewards and Benefits (KWD | | | | | | Variable Rewards and Benefits ((KWD | (Fixed Rewards and Benefits (KWD | | | | | | |
| Annual bonus | Education allowance for children | Transportation allowance | Housing allowance | Annual travel ticket | Health insurance | Gross monthly salaries during the year | Annual bonus | Education allowance for children | Transportation allowance | Housing allowance | Annual travel tickets | Health insurance | Gross monthly salaries during the year | |
| - | - | - | 24,000 | | 4,741 | 43,200 | 69,022 | - | 3,600 | | 20,054 | 6,120 | 329,100 | |

The executive management's remuneration shall be paid according to the signed contracts and with the approval of the Board of Directors and the General Assembly of the Company on the other remunerations.

The Company has prepared a detailed report of all the amounts received by the members of the Board of Directors and the Executive Management to be presented to the shareholders of the Company in the Ordinary General Assembly of the Company for approval. In addition, the Company shall maintain an accurate and detailed statement of all salaries, bonuses and other benefits to which each member of the Board of Directors and the Executive Management is entitled and shall be made available to the shareholders to view the same, and that there are no material deviations.

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

**Undertaking to the integrity and authenticity of the prepared financial reports**

The Executive Management shall submit a written undertaking to the Board of Directors of Injazzat Real Estate Development Company for the integrity and authenticity of the Company's financial reports. It shall also cover all financial aspects of operating statements and results, and is prepared in accordance with International Financial Reporting Standards. The Board of Directors shall also submit to the shareholders of the Company an undertaking to the integrity and authenticity of the financial statements and reports related to the Company's activity.

**Executive Management undertaking to the integrity and fairness of the financial statements**

We, the Member of the Board of Directors, the Chief Executive Officer and the Deputy General Manager of the Financial and Administrative Department hereby certify that the consolidated financial statements of Injazzat Real Estate Development Company K.S.C.P., consisting of: -

- Consolidated statement of financial position as at 31 December 2024.
- Consolidated Statement of Income as at 31 December 2024.
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows.

For the year then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies, present fairly, in all material respects, the consolidated financial position as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Saed Mahmoud Hamideh**
Vice CEO
Finance and Support Services

**Mohammad Ibrahim Al-Farhan**
Board Member
Chief Executive Officer

# Undertaking of the Board of Directors

**to 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. (Public), acknowledge and undertake the accuracy and integrity of the financial statements that have been provided to the external auditor and that the Company's financial reports have been presented properly and fairly and in accordance with international accounting standards applied in the State of Kuwait and approved by the Capital Markets Authority and that these statements expresses the financial position of the Company as of 31 December 2024, based on the information and reports received by the Executive Management and the external auditor, and we have taken the due diligence to verify the validity and accuracy of these reports.

| Name & Position | Signature |
|---|---|
| **Dr. Abdulmohsen Medeij AlMedeij**<br>Chairman of the Board of Directors | |
| **Mr. Bader Hamad Abdullah AlRabiah**<br>Vice Chairman of the Board of Directors | |
| **Mr. Mohamed Ibrahim Al-Farhan**<br>CEO & Chairman | |
| **Mr. Wafa Haidar Al-Shehabi**<br>Member of the Board of Directors | |
| **Mrs. Reem Abdullah Essa Al-Saleh**<br>Member of the Board of Directors - independent | |
| **Mr. Talal Sultan Ali Al-Shehab**<br>Member of the Board of Directors | |
| **Mr. Hamad Imad Al-Sagar**<br>Member of the Board of Directors - independent | |

# Formation of the Audit and Risk Management Committee:

The Audit and Risk Management Committee reviews the interim and annual financial statements and discusses them with the Executive Management before presenting the same to the Board of Directors.
The Audit and Risk Management Committee meets periodically with the external auditors in charge of auditing the Company's accounts to discuss accounting policies and annual financial statements. The Committee held (4) meetings during 2024.

**Emphasizing the independence and impartiality of the external auditor:**

Any services provided by the External Auditor shall be presented to the Audit and Risk Management Committee, to ensure the independence of the External Auditor.
The Audit and Risk Management Committee evaluated the performance of the External Auditor and recommended to the Board of Directors the appointment or reappointment of the external auditor.
There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors.

## Rule Five: Establish sound risk management and internal control systems

**Risk Management Unit**

The Company has established a risk management unit that reports directly to the Board of Directors. The organizational structure of the Company has been approved after the amendment in a way that clarifies the establishment of the Risk Management Unit. The Board of Directors has assigned one of the external advisory bodies to carry out all risk management duties.
Internal Audit Unit
An independent Internal Audit Unit has been established that reports directly to the Audit and Risk Management Committee and the Board of Directors has assigned one of the specialized firms to carry out the duties of the Unit.

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

The Committee was reformed on 2 May 2022, and consists of 3 members of the Board of Directors, including 2 independent members and a non-executive member. The Board has determined the term of membership of the members of the Committee to be the same term of the membership in the Board of Directors.

**Internal Control and Regulation Systems**

The Company relies on a set of control and regulation systems that cover all the Company's activities and departments. These systems and regulations work to maintain the integrity of the Company's financial position, the accuracy of its data, and the efficiency of its operations in various aspects. The organizational structure of the Company reflects the dual control and includes adequate identification of authorities and responsibilities, the complete segregation of duties, non-conflict of interests, examination, dual control and dual signature. The Company has work policies and procedures for all departments.
Appoint an independent auditor to review the evaluation of internal control review (ICR)
The Board of Directors of the Company has appointed an independent auditor to examine and evaluate the internal control systems of the Company and present the same to the Board of Directors. The CMA is provided with a copy of the report annually.

**Appoint an independent auditor to review internal audit performance**

The Company has appointed an independent auditor to review and evaluate the performance of internal audit for every three years, and the results of the evaluation are reported to the Audit and Risk Management Committee and the Board of Directors.

## Rule Six: Promote Professional Behavior and Ethical Values

### Standards and determinants of professional conduct and ethical values

The Company, represented by the Board of Directors, the Executive Management and all its employees, believes that the professional and ethical behavior is one of the most important tributaries of the Company's success in achieving its goals. Based on this belief, the Board of Directors has adopted a policy concerned with defining the standards of professional and ethical behavior in the Company that includes standards of professional and ethical behavior, as well as the responsibilities of the Company, the Board of Directors, the Executive Management, and employees.

The Company also has a reporting policy, which has established a mechanism that allows employees and stakeholders to report any improper practices or suspicious matters, with adequate arrangements that allow for an independent investigation. The Executive Management has instructed the department managers to take the necessary actions towards applying standards of professional and ethical conduct. In implementation of their obligations towards the Company, employees are required in particular to do the following:

- Familiarity, understanding and the entire compliance with the Company's internal rules, procedures and guidelines at all times.
- Compliance with and observance of applicable laws.
- Avoid any situation that may result in a conflict of interest. In case of doubt or encountering any obstacle, the department to which the employee belongs is immediately informed of that conflict of interest or the compliance officer in the Company is informed.
- Full commitment to maintaining professional secrets.
- Refrain from exceeding the powers granted to them and respect the rules regarding approved signatures.
- Continue to take full responsibility that they delegate to others and exercise adequate supervision and control.
- Respect the dignity and privacy of their colleagues.

### The Company's Policies and Procedures to Mitigate Conflicts of Interest

The Company has special approved policies and procedures to reduce conflicts of interest and methods of dealing with them within the framework of corporate governance, taking into account what is stated in the Companies Law and there are no amendments to the policy.

The policy of reducing conflicts of interest approved by the Board of Directors aims to ensure the application of adequate procedures to discover cases of material conflict of interest and deal with them effectively, and to ensure that the Board of Directors deals with cases of existing, potential and expected conflicts of interest and that all decisions are taken for the interests of the Company.

The mechanisms for compensating stakeholders in the event that their rights are violated are detailed in the Stakeholder Policy, which was approved by the Board of Directors on 22 December 2024.

The compliance of all employees with the standards of professional and ethical conduct is continuously verified through the Company's Human Resources Department and through the internal audit activities carried out on all departments of the Company.

The company maintains a record of reporting any violations or abuses of policies or professional and ethical conduct. No reports were recorded during 2024.

## Rule Seven: Accurate and Timely Disclosure and Transparency

### Disclosure and transparency

The Company has a business policies and procedures manual that include policies and mechanisms for disclosure and transparency. These policies clearly included the general rules, procedures and mechanisms for disclosure. The policy clarified the responsibility of the Company's Compliance Department for managing disclosure operations and verifying compliance with the data to be disclosed in a timely, adequate and accurate manner in accordance with the instructions of the CMA and the applicable laws and regulations. The policy also emphasized the publication and updating of information on the Company's website.

The Company maintains also an approved procedures manual to regulate the trading of insiders in order to enhance the principle of disclosure and transparency in all its dealings. There are no amendments to the manual. The manual illustrates the insiders in the Company and the information that must be disclosed, the timing of disclosure and the periods when trading transactions are banned, as well as detailed procedures for insiders trading in securities.

**Disclosure Record**

The Company maintains a record of disclosures of the members of the Board of Directors and the Executive Management, so that the record includes disclosures of ownership percentages and trading on the Company's shares in addition to the declarations and undertakings submitted by the members of the Board of Directors in their capacity as insiders. This record is kept at the Company's premises and is available for all the Company's shareholders to have access thereto without a fee or charge, and it is updated periodically to reflect the reality of the related parties' positions.

**Investors' Relations Unit**

The Company has an independent unit responsible for making available and providing the necessary data, information and reports to the current and potential investors in the Company. The functions of the unit are carried out by Mr. Ibrahim Al-Mufarrej. All information, reports and news are published on the Company's website. He communicates with investors and shareholders by calling 22275256 or through the following e-mail:
ibrahim@injazzat.com

**Information Technology in Disclosures**

The Company has developed the information technology infrastructure and placed considerable reliance on it in disclosure processes, and a dedicated corporate governance section has been established in which all information and data, that help existing and potential shareholders and investors to exercise their rights and evaluate the Company's performance, are presented.

**Rule Eight: Respect for Shareholders' Rights:**

All categories of shareholders enjoy equal rights in a manner that does not prejudice the interests of the Company or conflict with the relevant laws and regulations. These rights include the following:

- To review and participate in amending the Memorandum and Articles of Association
- Participate in General Assemblies and raise observations, recommendations and reservations about the Company's performance.
- Authorizing other persons to attend the meetings of the General Assemblies, by virtue of a special power of attorney.
- Voting in the elections of the members of the Board of Directors and candidacy for the membership of the Board of the Company in accordance with the rules and mechanisms regulating the same.
- Obtaining the necessary information and reports that help in making investment decisions.
- Obtaining the profits that are decided to be distributed.
- Freedom to dispose of shares, including buying / selling / transfer / assignment.

The Board of Directors of the Company and its Executive Management endeavor to deal with the data contained in the aforementioned records in accordance with the utmost levels of protection and confidentiality, in a manner that does not contradict with the CMA's law and its Executive Regulation and the instructions and regulatory controls issued by the CMA.

The Company has a record kept with the Kuwait Clearing Company in which the names of shareholders, their nationalities, their domiciles, and the number of shares owned by them are recorded.
Moving forward, the Board of Directors of the Company and its Executive Management seek to provide the effective participation of shareholders in the General Assemblies, to discuss the topics on the agenda and related inquiries, and to direct questions regarding the same to the members of the Board of Directors and the external auditor. The Board of Directors or the external auditor shall answer the questions to the extent that does not expose the interests of the Company to harm.
The Company has developed policies that regulate the relationship and rights of shareholders and stakeholders, and these policies are placed by the company in the hands of shareholders for information at any time.
Rule Nine: Recognize the role of stakeholders:
The company acts to respect and protect the rights of stakeholders in all its internal and external transactions and dealings, as the contributions of stakeholders constitute a very important resource for building the Company's competitiveness and strengthening its levels of profitability, and in order to protect the stakeholders' transactions with the company, whether they are contracts or deals, the Company has adopted policies and internal regulations including, but not limited to, the following:

- Stakeholder Rights Protection Policy.
- Conflict of Interest Reduction Policy.
- Whistleblowing Policy.
- Transactions with Related Parties Policy.
- Procurement and Contracting Policy and Procedures.

The Company provides information about the Company and publishes the same on its website, which allows stakeholders to obtain the necessary information about the Company. The Company also enables stakeholders to obtain financial information and data related to their activities and dealings with the Company through the Company's Financial Department.
The Board of Directors of the Company has adopted a Whistleblowing Policy, according to which the Company is committed to take into account integrity and professional and ethical conduct in all dealings and provides an opportunity for stakeholders to report any irregularities or any illegal, unethical or illegal activities, with the Company's commitment to confidentiality in the procedures of investigating the violation while providing protection for the reporter of the violation without causing any harming to him/her.

## Rule Ten: Enhance and Improve Performance:

**The Board of Directors and the Executive Management Training**
A consulting company held a training course during the year for members of the Company's Board of Directors and members of the Executive Management

Evaluating the performance of the Board of Directors and the Executive Management
The Company has prepared systems and mechanisms for evaluating the members of the Board of Directors and the Executive Management by developing a set of objective performance indicators that are related to the extent to which the Company's strategic objectives are achieved.
Institutional Values
The Company has policies and procedures that contribute to achieving the strategic objectives and enhancing the institutional values of the employees, which contributes to maintaining the financial integrity of the Company.
The Company also prepares integrated reports that help the members of the Board of Directors and the Executive Management to make decisions that contribute to the interests of the shareholders.

## Rule Eleven: The Focus on the Importance of Social Responsibility:

**Environmental, Social and Governance Responsibility:**

The Board is committed to proactively implementing ESG responsibilities. The Board of Directors shall follow up the initiatives undertaken by the Company in this regard. We also seek opportunities within the Company's various activities and locations to minimize the impact on the environment, ensure responsible consumption of natural resources, and reduce and recycle waste. We have adopted several measures to minimize energy consumption within the Company's premises and properties, and we are committed to training our employees to adopt environmentally friendly habits through raising awareness within the Company of the topics of environmental and social responsibility, governance and sustainability through training and various communication channels.

During the past year, the Company has taken the following initiatives: -

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

Injazzat will continue to support the community through initiatives that reflect our corporate values, which aim to emphasize that we are a national Company that seeks to serve the community and in which we focus on initiatives in the field of health and education in order to build the communities in which we work which, in turn, benefits the interest of our shareholders and achieve sustainability for our Company and society.

The Board of Directors is also committed to apply the corporate governance principles that promote transparency, protect against risks and maintain compliance with regulations and laws relevant to the Company's business, including issues related to environmental, social and governance practices.

The Company's policy and framework are based on making responsible investment decisions aimed at achieving the Company's economic objectives by integrating environmental, social and governance practices into its operations and spreading that culture within the Company.

Dr. Abdulmohsen Medeij AlMedeij
Chairman

# THE COMPANY PROJECTS 2024

# Introduction:

Since the establishment of Injazzat Real Estate Company in 1998, The company sought to maintain a continuous balance in the basic pillars of profit-oriented institutional work, which was based on achieving continuous profitability for shareholders and achieving cumulative growth rates in annual cash flows while applying the highest standards of corporate governance and full compliance with the laws regulating work.The company has also been keen to follow up on developments in the Gulf and global markets, seize and create innovative investment opportunities, and create constructive economic alliances and entities that contribute positively to the sustainability of the national and regional economy. It focused on developing real estate projects and operating them according to the highest standard criteria with the aim of creating diverse periodic returns to ensure the continuity of achieving Profit rates exceeding those in the region and searching for the best possible mechanisms to achieve capital returns. The company has also succeeded in structuring a number of real estate projects, implementing a number of successful exits, and creating entities to manage and operate a number of projects.

The company's management has diversified its investments in a number of countries that are characterized by stability and security, in addition to investing in promising countries that are expected to witness steady growth in the coming period, in addition to focusing on working in innovative real estate sectors that contribute to creating added value for the company's investments.

### Local market:

In 2024, the company focused on completing the development work of a number of projects in the local real estate market with the aim of achieving profitable periodic returns and capital returns upon exit, while maintaining the enhancement of the effective contribution to the national economy and taking into account full compliance with laws and legislation and in a way that does not violate the company's bylaws, which include, but are not limited to:

- Sales and purchase operations.
- Development and operation operations.
- Trading operations.
- Project management operations.

### Prime Tower:

An office tower in Al Sharq area - Ahmed Al Jaber Street, consisting of 2 basements, a ground floor, a mezzanine floor, and 22 typical floors with a total building area of 6,320 square meters. The company succeeded in operating the tower in full after completing its development in 2021 and selling a number of typical floors.

### Catamaran project:

The company has succeeded in acquiring a distinctive plot of land in Al-Mirqab area with an area of 2,014 square meters and a building percentage of 800%. It is currently being developed as an administrative office tower consisting of two basements, a ground floor, 4 parking floors and 35 repeated floors with a total building area of 44,900 square meters, in order to add the project to the company's distinguished projects portfolio.

## Southern Khaitan Commercial Project:

The Public Institution for Housing Welfare has awarded the tender for the design, development, operation, and management of a commercial building in the South Khaitan area for a period of 22 years on a land area of 3,484 square meters and a total building area of 9,617 square meters allocated for the construction of a commercial complex containing commercial units and restaurants.

## GCC Markets:

The company continued to manage its assets in the GCC countries and search for investment opportunities in promising areas in the countries of the region, with the aim of strengthening the frameworks of cooperation between economic entities in the Gulf region, in addition to providing real estate investment opportunities for the company's shareholders and parties interested in investing in purchasing, developing, operating, structuring, and exiting real estate in the region.

### Kingdom of Bahrain

## Al Dhow Real Estate Company:

Al Dhow Real Estate Company was established in 1999 as a Bahraini company wholly owned by Injazzat Company, with the aim of investing, developing and trading in the real estate sector in the Kingdom of Bahrain. Since its establishment, the company has achieved fruitful results through a number of sales and purchase deals and has also enhanced its list of income-generating assets by establishing a warehouse and storage project in the Bahrain Marina Investment Project, in addition to owning several lands in distinguished locations such as Seef and Ras Zuwayed.

## First Real Estate Company:

In 2002, Injazat Real Estate Development Company, in cooperation with strategic partners, established First Real Estate Company in the Kingdom of Bahrain. In 2005, the company was restructured and its capital increased to 30 million Bahraini dinars, by adding some new assets to it, and the opportunity for new shareholders to enter, First Real Estate Company has continued to maintain the quality and performance of its income-generating assets, in addition to continuing to invest in promising future projects, benefiting from what it retains of lands and assets that can be developed in locations with a distinct strategic dimension.

## Alyal Real Estate Company:

Al-Yal Real Estate Company was established equally between Al-Dhow Real Estate Company

and First Real Estate Company in the Kingdom of Bahrain, with the aim of merging and developing the plots of land owned by the two companies in the Seef area. The company has developed its largest project (the Catamaran Project), which is a residential complex consisting of 583 apartments with a commercial complex in the middle, with areas allocated for restaurants

and shops. Three floors are allocated for about 600 parking spaces, and the units in the first tower have been sold and the second tower has been kept and rented at competitive prices. The company is currently developing its new project (Verandas by Catamaran) with the aim of selling the units. The project contains 169 units, and the company seeks to deliver the units in 2026.

### United Arab Emirates

The company has invested in various real estate sectors in the United Arab Emirates with continuous activity, including properties specialized in housing and housing workers, in addition to residential and commercial properties, the details of which are as follows:

Workers’ housing properties:

### Al Quoz Property 604 – 606 :

A property located on plots 604 and 606 in Al Quoz area in Dubai Emirate with a total area of 100,136 square feet, and a total construction area of approximately 227,000 square feet. The property consists of two buildings for workers’ housing, providing 656 rooms in addition to 24 offices and 8 shops, and the company operates and manages the building through its real estate arm in Dubai Emirate.

### Al Quoz 596 Property :

The company has owned and developed land number 596 in Al Quoz area and is managing and operating the building as a workers’ accommodation with a total area of approximately 50,051 square feet. The total building area is approximately 113,700 square feet. The project includes 328 rooms in addition to 12 offices and 4 shops.

### Al Muhaisnah Property :

This property is located in Al Muhaisnah area in Dubai, United Arab Emirates, on an area of approximately 56,914 square feet, and consists of three floors and contains 383 rooms, 8 commercial units and a warehouse. The company invested in this property equally with First Real Estate Company - Kingdom of Bahrain, and the company is currently working on introducing several advanced technologies in order to raise the efficiency of the building and make better use of the available resources.

### Dunes Village Properties - Dubai Investments Park :

The project consists of two residential buildings in Dunes Village in Dubai Investments Park, each building consists of 52 residential apartments on an area of 108,298 square feet, and the company operates and manages the units of the two buildings.

### Jebel Ali 9223 & 9224 Workers Accommodation Project :

The company invested in purchasing and developing two plots of land with a total area of 50,000 square feet in the Jebel Ali area with the aim of developing a workers’ accommodation project with a total built-up area of 201,190 square feet and consisting of 345 rooms. The project development works were completed in 2019 and it was leased in 2020.

### Jebel Ali commercial project :

At the end of the third quarter of 2020, a commercial complex was built in the Jebel Ali area by Al Bateel Real Estate Company on an area of 24,372 square feet to serve workers’ housing projects in the area. The entire building was leased to a company specialized in managing and operating commercial centers with a long-term contract.

### Injazzat Residence Project - Al Meydan

At the end of 2020, the construction and development of a 30,000 square foot plot of land in the Al Meydan area in the Emirate of Dubai - United Arab Emirates was completed, with a total construction area of approximately 107,000 square feet. The building includes 53 residential units and 3 commercial shops. The commercial spaces in the building were leased in addition to the sale of the building units through contracting with one of the most prominent real estate marketers in the Emirate of Dubai

## Global Markets :

The company sought to enhance the geographical expansion of its investments and focus on creating an equation characterized by a balance between risks and expected returns, such as the European and North American markets, with the aim of diversifying the company's real estate portfolio. It cooperated with a number of companies and consulting houses with experience in managing and operating the company's assets in global markets.

### Germany

### Hitachi Mitsubishi Building Project:

The company has invested 50% in an office building in the Federal Republic of Germany, specifically in the city of Duisburg, which is located within the Dusseldorf province. The building consists of 8 floors in addition to two basement floors for parking, with a total area of 218,000 square feet. The building is leased to Hitachi Mitsubishi and some other companies with fixed periodic returns.


### United States of America

### 399 Jefferson, Parsippany:

The company owns a significant stake in an office building in Parsippany, New Jersey, covering 206,115 square feet. The project is fully leased to one of the leading medical equipment companies in the United States and one of the leading nutrition companies.

### Valpack Building:

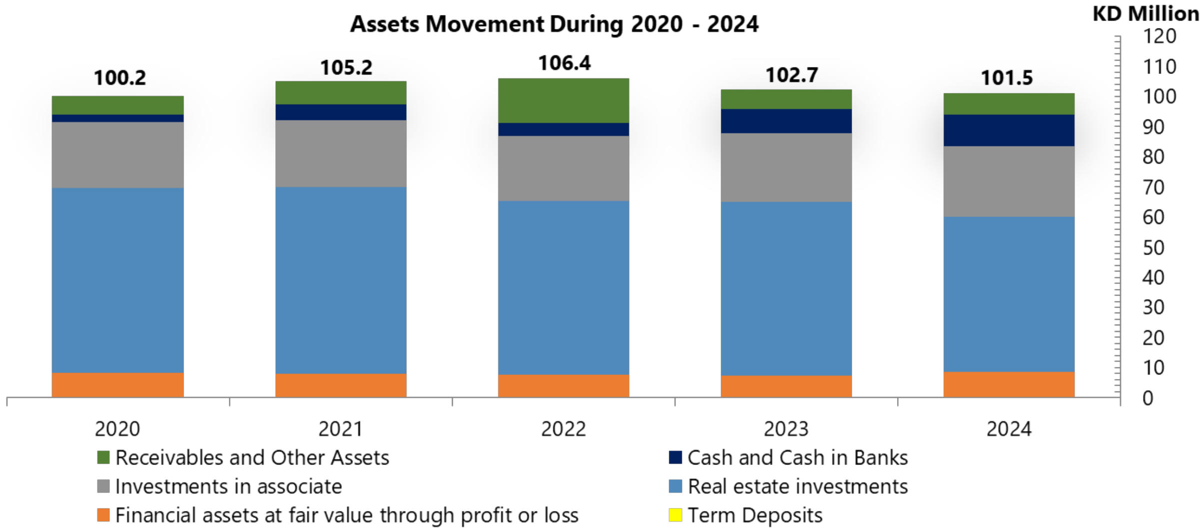
The company owns a significant stake in Valpack, a factory and commercial office building located in St. Petersburg, a suburb of Tampa, Florida. The total area of the building is approximately 465,000 square feet and is fully leased on long-term contracts to one of the leading marketing companies in the United States of America. The project works to create stable cash flows for the company.

# FINANCIAL ANALYSIS FOR 2024

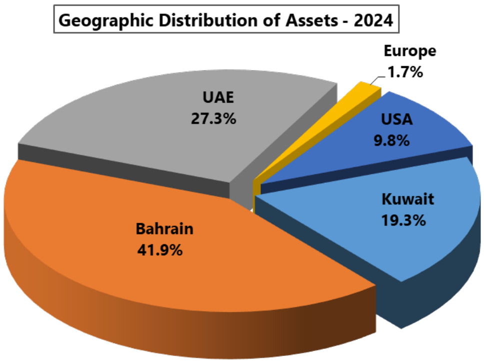
## 1) Financial Position

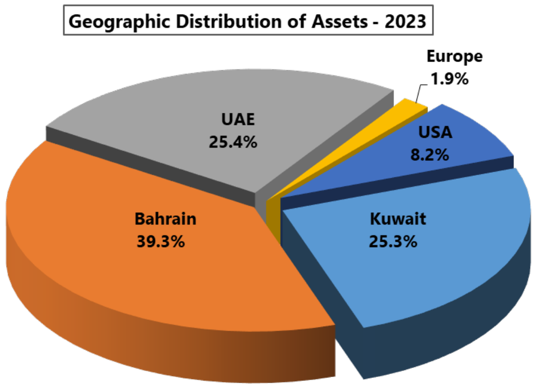
In 2024, Injazzat recorded a decline in total assets of KD 1.2 million, (1.2%), reducing from approximately KD 102.7 million at the end of 2023 to KD 101.5 million at the end of 2024. This decline is primarily due to a decrease in the value of investment properties, which amounted to KD 51.6 million (50.8% of total assets) in 2024, compared to KD 57.6 million (56.0% of total assets) in the previous year. The decrease was mainly due to the liquidation of one of the Company's investment properties for KD 9.9 million which had a book value of around KD 8.9 million, realising a profit of KD 1 million. During the year, The Company also incurred capital expenditures of around KD 2.5 related to an ongoing property development in Al Sharq Kuwait.

Cash and cash equivalents, the third-largest asset component, increased significantly by KD 2.4 million (30.4%), rising from KD 8.1 million (7.8% of total assets) in 2023 to KD 10.5 million (10.4% of total assets) in 2024. This shows a strong liquidity position which enhances the company's capacity to develop its existing investment properties or acquire new assets.




The geographical distribution of assets also changed from 2023 to 2024. In 2024, 19.3% of total assets were concentrated in Kuwait, 69.2% in the Gulf Cooperation Council (GCC) region, and 11.5% in the European and American region. whereas in 2023, 25.3% of total assets were concentrated in Kuwait, 64.7% in the GCC, and 10.0% in the European and American region. However, this shift in geographical allocation does not indicate a strategic reallocation of assets but rather reflects the impact of the liquidation the aforementioned property located in Kuwait leading to decrease in the asset's concentration in Kuwait.




In terms of liabilities, there was a decrease of 6.1% between 2023 and 2024, amounting to a decrease of KD 2.7 million, going from KD 43.8 million at the end of 2023 to KD 41.1 million in 2024. Loans and advances made up 36.0 % of total Assets in 2024 , and said loans are secured against certain investment properties and investments in associate companies. Furthermore, there was a decrease in the liabilities to assets ratio in the period, going from 42.6% in 2023 to around 40.5% in 2024 as well as a decrease in the liabilities to equity ratio, going from 74.3% in 2023 to 68.1% in 2024.

Total equity attributable to the shareholders of the parent company amounted to KD 60.4 million in 2024 compared to KD 58.9 million in 2023, increasing by KD 1.5 million or 2.4%. This increase was due to the increase in Retained Earnings. Accordingly, the company's book value per share was equal to 178.4 fils in 2024 compared to 174.2 fils per share in 2023.

### 2) Financial Performance

In 2024, the company recorded an increase in net profit amounting to KD 3.017 million compared to a net profit of KD 2.348 million in 2023, an increase of KD 0.670 million or 28.5%.

The increase in profit was mainly contributed by, substantial increase in the unrealised gain from financial assets measured at fair value through profit and loss which increased to KD 1.07 million, compared to KD 47K recorded in the year 2023 , and increase in realized gains from disposal of investment properties of KD 1.03 million in 2024 compared to 0.44 million in 2023. Meanwhile, the rental income recorded a decrease of KD 0.21 million, reaching KD 2.90 million in 2024 compared to 3.10 million in the year 2023. the decrease is mainly due to the sale of the aforementioned income-generating investment property during the beginning of the year 2024. Moreover, the company saw a decrease in results from associates going from KD 1.03 million to KD 0.913 million in 2024.

Total expenses remained stable at approximately KD 4.56 million in both 2023 and 2024. While property operating expenses increased by KD 0.12 million (from KD 1.07 million to KD 1.19 million), financing costs decreased by KD 0.23 million (from KD 2.06 million to KD 1.83 million), reflecting the global decline in interest rates. Additionally, consulting, and professional fees rose by KD 0.21 million to KD 0.33 million in 2024.

In 2024, basic and diluted earnings per share for the shareholders of the parent company were equal to 8.92 fils per share, compared to 6.94 in 2023. Due to this, the board of directors proposed distribution of a 5% cash dividend, in addition to remuneration to the board of directors of KD 70 Thousand

Analysing financial ratios, return on assets (ROA) increased to 3.0% in 2024 compared to 2.2% in 2023, return on equity (ROE) increase to 5% in 2024 from 4.0% in 2023. The following table compares Injazzat's performance to that of the real estate companies listed in Boursa Kuwait.

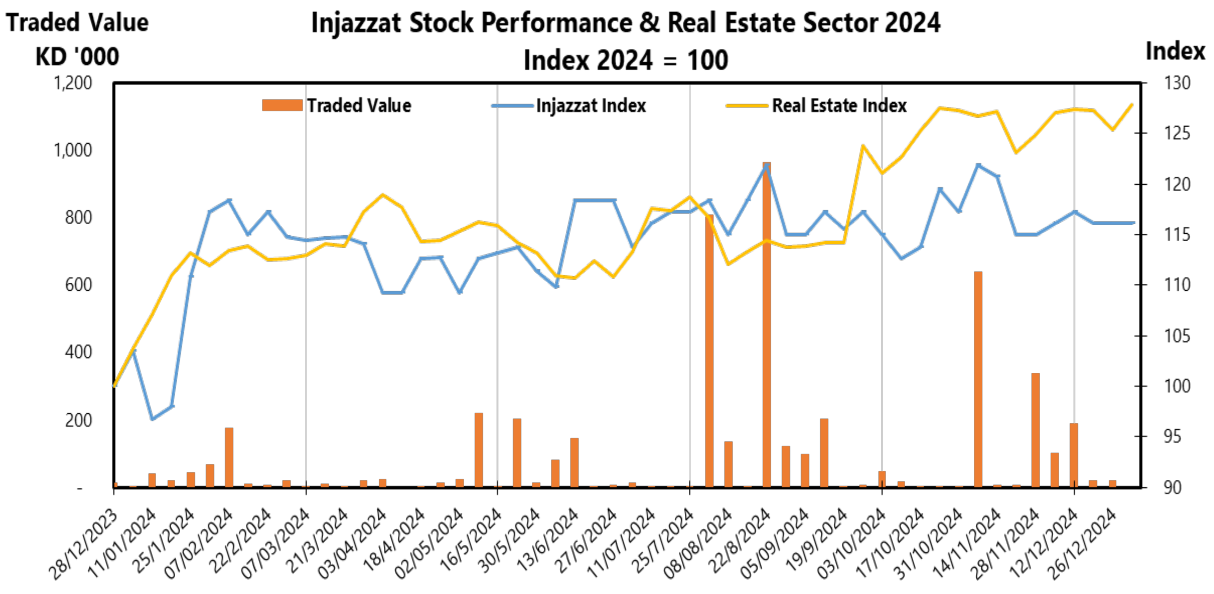
The table below compares the performance of the company with the performance of a sample of listed real estate companies:

| Ratio | Injazzat Real Estate | Real Estate Sector |
|---|---|---|
| Price/Earnings per share (P/E**) | 11.3 | 10.6 |
| Price/Book Value (P/B*) | 0.6 | 0.9 |
| Return On Equity (ROE*)(%) | 5.0% | 5.7% |
| Return On Assets (ROA*)(%) | 3.0% | 2.5% |

* Average of selected listed real estate companies in Boursa 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 Boursa Kuwait and in the market capitalization in 2024 compared to 2023. The main market, the company's stock, and the real estate sector recorded an increase of 24%, 16.1%, and 27.8% respectively.
The company's stock price closed at 101 fils at the end of 2024, compared to the closing price of 87 fils at the end of 2023, an increase of 16.1%. During the year, the stock achieved a high of 106 fils and a low of 84 fils.



The value of the company's traded stocks during 2024 was KD 4.9 million, with an average daily trading value of around KD 0.02 million, which represents a decrease of KD 0.04 million compared to the previous year.
The company's stock was removed from the Main Market Index 50 and the value of its traded shares amounted to approximately 0.2% of the total trading value of the real estate sector during the year. The trading volume of shares reached approximately 48 million, with an average daily trading volume of about 0.20 million shares. In 2023, the average daily trading volume was approximately 0.43 million.
The stock turnover rate was approximately 14.4%, which was lower than the real estate sector's average of about 73.6%. Meanwhile, the company's total market cap increased to about KD 34.2 million, representing around 1.2% of the total market value of the real estate sector. This is higher by about KD 2.5 million compared to its market cap at the end of 2023, which was approximately KD 30.2 million.
The table below compares the company's performance with the real estate sector and the total market in Boursa Kuwait:

| Year 2024 | Traded Value (KD m) | Number Of Transactions (000) | Traded Volume (m) | Market Cap (m) |
|---|---|---|---|---|
| Injazzat R.E. Co. | 4.9 | 1.1 | 48.0 | 34.2 |
| Real Estate Sector | 2,067.4 | 700.2 | 15,191.1 | 2,810.8 |
| Total Market | 14,685.8 | 3,857.8 | 67,714.7 | 43,595.3 |
| **% of Real Estate Sector** | **0.24%** | **0.16%** | **0.32%** | **1.22%** |
| **% of Market** | **0.03%** | **0.03%** | **0.07%** | **0.08%** |

# CONSOLIDATED FINANCIAL STATEMENTS

**31 December 2024**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**Ernst & Young**
**Al Aiban, Al Osaimi & Partners**
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# 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 its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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.

*Valuation of investment properties*

Investment properties represent 51% 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.

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:

- We have considered the methodology and the appropriateness of the valuation models and inputs used to value the investment properties.

- 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.

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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)*

- 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 2024 Annual Report***

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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.

***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.

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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)**

***Auditors' 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 auditors' 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

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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)**

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)***
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 auditors' 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 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

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 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM ALSAMDAN
LICENCE NO. 208-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

9 February 2025
Kuwait

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

| | *Notes* | ***2024 KD*** | *2023 KD* |
|---|---|---|---|
| **Income** | | | |
| Rental income | | **2,916,036** | 3,126,284 |
| Change in fair value of investment properties | 10 | **330,418** | 888,743 |
| Gain on sale of investment properties | | **1,031,341** | 435,089 |
| Change in fair value of financial assets at fair value through profit or loss | 8 | **1,070,755** | 47,028 |
| Distribution income from financial assets at fair value through profit or loss | 8 | **512,328** | 512,721 |
| Management fees | | **188,177** | 141,511 |
| Interest income | 3 | **625,660** | 639,748 |
| Other income | | **178,909** | 182,614 |
| Share of results of associates | 9 | **913,272** | 1,033,413 |
| Net foreign exchange differences | | **25,431** | 28,755 |
| **Total income** | | **7,792,327** | 7,035,906 |
| **Expenses** | | | |
| Real estate operating costs | | **(1,187,349)** | (1,070,695) |
| Staff costs | | **(878,839)** | (878,861) |
| Depreciation | | **(143,769)** | (152,629) |
| Administrative expenses | | **(185,678)** | (186,287) |
| Consultancy and professional fees | | **(331,028)** | (213,489) |
| Finance costs | | **(1,832,620)** | (2,058,094) |
| **Total expenses** | | **(4,559,283)** | (4,560,055) |
| **Profit before tax and directors' remuneration** | | **3,233,044** | 2,475,851 |
| Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | | **(28,570)** | (22,283) |
| National Labour Support Tax (NLST) | | **(83,297)** | (53,557) |
| Zakat | | **(33,320)** | (21,424) |
| Board of Directors Remuneration | | **(70,000)** | (30,000) |
| **PROFIT FOR THE YEAR** | | **3,017,857** | 2,348,587 |
| **BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY** | 4 | **8.92 Fils** | 6.94 Fils |

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

| | *2024* | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| **PROFIT FOR THE YEAR** | **3,017,857** | 2,348,587 |
| **Other comprehensive income:** | | |
| *Other comprehensive income that may be reclassified to profit or loss in subsequent periods:* | | |
| Share of other comprehensive (loss) income of associates | **(4,026)** | 106,538 |
| Net exchange differences on translation of foreign operations | **104,669** | 6,406 |
| **Other comprehensive income for the year** | **100,643** | 112,944 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **3,118,500** | 2,461,531 |

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 2024

| | Notes | 2024 KD | 2023 KD |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | | **399,915** | 491,693 |
| Investment properties | 10 | **51,581,752** | 57,566,036 |
| Investment in associates | 9 | **23,321,366** | 22,734,879 |
| Financial assets at fair value through profit or loss | 8 | **8,561,747** | 7,490,992 |
| Accounts receivable and other assets | 7 | **3,537,791** | 3,641,628 |
| | | **87,402,571** | 91,925,228 |
| **Current assets** | | | |
| Accounts receivable and other assets | 7 | **3,102,233** | 2,258,793 |
| Term deposits | 6 | **464,868** | 484,371 |
| Cash and cash equivalents | 5 | **10,513,022** | 8,061,484 |
| | | **14,080,123** | 10,804,648 |
| **TOTAL ASSETS** | | **101,482,694** | 102,729,876 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 11 | **34,564,860** | 34,564,860 |
| Share premium | 11 | **2,869,130** | 2,869,130 |
| Statutory reserve | 12 | **10,120,823** | 9,797,519 |
| Voluntary reserve | 13 | **639,163** | 477,511 |
| Treasury shares | 14 | **(625,684)** | (625,684) |
| Treasury shares reserve | | **4,723,846** | 4,723,846 |
| Foreign currency translation reserve | | **1,951,312** | 1,850,669 |
| Retained earnings | | **6,116,832** | 5,275,634 |
| **Total equity** | | **60,360,282** | 58,933,485 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings | 15 | **36,500,000** | 36,500,000 |
| Accounts payable and other liabilities | 16 | **1,011,054** | 990,323 |
| | | **37,511,054** | 37,490,323 |
| **Current liabilities** | | | |
| Accounts payable and other liabilities | 16 | **3,611,358** | 6,306,068 |
| **Total liabilities** | | **41,122,412** | 43,796,391 |
| **TOTAL EQUITY AND LIABILITIES** | | **101,482,694** | 102,729,876 |

Dr. Abdulmohsen Medeij Mohammad Al Medeij
Chairman

Mohammad Ibrahim Al-Farhan
Chief Executive Officer

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 2024

| | *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 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 for the year | - | - | - | - | - | - | 100,643 | - | 100,643 |
| Total comprehensive income for the year | - | - | - | - | - | - | 100,643 | 3,017,857 | 3,118,500 |
| Cash dividends (Note 11) | - | - | - | - | - | - | - | (1,691,703) | (1,691,703) |
| Transfer to reserves | - | - | 323,304 | 161,652 | - | - | - | (484,956) | - |
| **At 31 December 2024** | **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** |
| As at 1 January 2023 | 34,564,860 | 2,869,130 | 9,549,934 | 353,718 | (625,684) | 4,723,846 | 1,737,725 | 4,990,128 | 58,163,657 |
| Profit for the year | - | - | - | - | - | - | - | 2,348,587 | 2,348,587 |
| Other comprehensive income for the year | - | - | - | - | - | - | 112,944 | - | 112,944 |
| Total comprehensive income for the year | - | - | - | - | - | - | 112,944 | 2,348,587 | 2,461,531 |
| Cash dividends (Note 11) | - | - | - | - | - | - | - | (1,691,703) | (1,691,703) |
| Transfer to reserves | - | - | 247,585 | 123,793 | - | - | - | (371,378) | - |
| At 31 December 2023 | 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 |

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

## CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

| | Notes | 2024 KD | 2023 KD |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit before tax and directors' remuneration | | **3,233,044** | 2,475,851 |
| *Adjustments to reconcile profit before tax and directors' remuneration to net cash flows:* | | | |
| Change in fair value of investment properties | 10 | **(330,418)** | (888,743) |
| Gain on sale of investment properties | | **(1,031,341)** | (435,089) |
| Change in fair value of financial assets at fair value through profit or loss | 8 | **(1,070,755)** | (47,028) |
| Distribution income from financial assets at fair value through profit or loss | 8 | **(512,328)** | (512,721) |
| Interest income | | **(625,660)** | (639,748) |
| Share of results of associates | 9 | **(913,272)** | (1,033,413) |
| Depreciation expense on property and equipment | | **7,855** | 39,046 |
| Depreciation expense on right-of-use assets | | **135,914** | 113,583 |
| Interest expense on lease liability | | **22,930** | 9,049 |
| Finance costs (excluding interest on lease liabilities) | | **1,809,690** | 2,049,045 |
| Provision for employees' end of service benefits | | **113,204** | 138,501 |
| | | **838,863** | 1,268,333 |
| *Working capital adjustments:* | | | |
| Accounts receivable and other assets | | **(743,079)** | 8,656,501 |
| Accounts payable and other liabilities | | **(2,552,050)** | 2,657,077 |
| | | **(2,456,266)** | 12,581,911 |
| Tax paid | | **(53,567)** | (81,509) |
| KFAS paid | | **(72,468)** | - |
| Employees' end of service benefits paid | | **(14,367)** | (472,090) |
| **Net cash (used in) from operating activities** | | **(2,596,668)** | 12,028,312 |
| **INVESTING ACTIVITIES** | | | |
| Purchase of property and equipment | | **(8,484)** | (13,140) |
| 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** | 1,812,516 |
| Capital expenditure incurred on investment properties | 10 | **(2,477,153)** | (1,098,142) |
| Proceeds from capital redemption of financial assets at fair value through profit or loss | | - | 266,670 |
| Distribution income received from financial assets at fair value through profit or loss | | **512,328** | 512,721 |
| Dividends received from investment in associates | 9 | **406,137** | 649,662 |
| Interest income received | | **625,660** | 639,748 |
| Movement in term deposits | | **19,503** | (21,275) |
| **Net cash from investing activities** | | **8,929,662** | 2,748,760 |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from loans and borrowings | 15 | **10,000,000** | - |
| Repayment of loans and borrowings | 15 | **(10,000,000)** | (7,000,000) |
| Cash dividends paid | | **(1,691,703)** | (1,691,703) |
| Finance costs paid | | **(2,045,740)** | (2,219,229) |
| Payment of lease liabilities | | **(144,013)** | (179,653) |
| **Net cash used in financing activities** | | **(3,881,456)** | (11,090,585) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **2,451,538** | 3,686,487 |
| Foreign currency translation adjustments | | - | (27,274) |
| Cash and cash equivalents at beginning of the year | 5 | **8,061,484** | 4,402,271 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | 5 | **10,513,022** | 8,061,484 |
| **Non-cash items excluded from the consolidated statement of cash flows:** | | | |
| Additions to right-of-use assets | | **(47,215)** | (533,568) |
| Additions to lease liabilities | | **47,215** | 533,568 |
| Transfer of investment property as capital contribution in an associate | | - | 533,434 |

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

## 1 CORPORATE AND GROUP INFORMATION

### 1.1 CORPORARE 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 2024 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 9 February 2025. 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:

| *Name* | *Country of incorporation* | *% equity interest* | | *Principal activities* |
|---|---|---|---|---|
| | | *2024* | *2023* | |
| Injazzat Entertainment Enterprises – K.S.C. (Closed) | Kuwait | **100%** | 100% | Entertainment and tourism |
| Dhow Real Estate Company - B.S.C. (Closed) | Bahrain | **100%** | 100% | Real estate |
| Al-Dhow International Real Estate Company – K.S.C. (Closed) | Kuwait | **100%** | 100% | Real estate |
| Al Mal and Aqar Joint Project Company – W.L.L. | Kuwait | **100%** | 100% | Real estate |
| Injazzat Lusail Company W.L.L.* | Kuwait | -- | 100% | Real estate |
| Al Bateel Real Estate Company – L.L.C. | UAE | **100%** | 100% | Real estate |
| Injazzat S.A.R.L. | Luxemburg | **100%** | 100% | Real estate |
| Al Barsha Real Estate Company K.S.C (Closed) | Kuwait | **100%** | 100% | Real estate |
| Injaz South Khaitan Real Estate Company W.L.L.** | Kuwait | **100%** | 100% | Real estate |

During the year, the Group completed the liquidation of Injazzat Lusail Company W.L.L.

**1 CORPORATE AND GROUP INFORMATION (continued)**

**1.2 GROUP INFORMATION (continued)**

**a) Subsidiaries (continued)**

** During 2023, the Parent Company incorporated a new entity, namely, Injaz South Khaitan Real Estate Company W.L.L. ('Injaz Khaitan'). Injaz Khaitan's commercial registration with the Ministry of Commerce and Industry was completed on 1 October 2024. Injaz Khaitan has an authorized and paid-up share capital of 1,000 shares of KD 500 each, totalling to KD 500,000.

**b) Associates**

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

| *Name* | *Country of incorporation* | *% equity interest 2024* | *% equity interest 2023* | *Principal activities* |
|---|---|---|---|---|
| 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%** | 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 |

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION**

**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**

**2.2.1 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 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

***Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback***

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no material impact on the Group's consolidated financial statements.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

#### 2.2.1 New standards, interpretations, and amendments adopted by the Group (continued)

***Amendments to IAS 1 - Classification of Liabilities as Current or Non-current***
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no material impact on the Group's consolidated financial statements.

***Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7***
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no 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 2024 did not have any material impact on the accounting policies, financial position or performance of the Group.

### 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 2024, 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 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES INFORMATION (continued)

### 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

***Lack of exchangeability – Amendments to IAS 21***
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify 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 its 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.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's 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.

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 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 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.

### 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 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

**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.

***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.

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

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

***c) Financial assets at fair value through OCI (equity instruments) (continued)***

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.

***d) 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.

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

**2.4.4 Financial instruments – initial recognition and subsequent measurement (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.

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**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 |

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.

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**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.

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**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 of 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.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

## 2.4 MATERIAL ACCOUNTING POLICES 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.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

## 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:

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

**2.4.23 Fair value measurement (continued)**

- 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

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*.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.4.24 Leases (continued)

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

*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.

*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.

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES INFORMATION (continued)**

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

***Classification of financial assets***
The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

***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.

***Impairment of associates***
Investment in associates are accounted for under the equity method of accounting for associates, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the associates less any impairment losses. The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

***Impairment of financial assets at amortised cost***
The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL 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. Actual results may differ from these estimates.

***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

| | *2024* *KD* | *2023* *KD* |
|---|---|---|
| Interest income on bank balances | **425,523** | 408,182 |
| Interest income on receivables from a related party (Note 17) | **197,688** | 203,380 |
| Other interest income | **2,449** | 28,186 |
| | **625,660** | 639,748 |

## 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.

| | *2024* | *2023* |
|---|---|---|
| Profit for the year attributable to the equity holders of the Parent Company (KD) | **3,017,857** | 2,348,587 |
| Weighted average number of ordinary shares (shares) | **345,648,600** | 345,648,600 |
| Less: weighted average number of treasury shares (shares) | **(7,307,970)** | (7,307,970) |
| Weighted average number of shares outstanding (shares) | **338,340,630** | 338,340,630 |
| Basic and diluted earnings EPS (fils) | **8.92** | 6.94 |

## 5 CASH AND CASH EQUIVALENTS

| | *2024* *KD* | *2023* *KD* |
|---|---|---|
| Cash on hand | **344** | 550 |
| Bank balances | **2,695,341** | 3,170,672 |
| Cash and bank balances | **2,695,685** | 3,171,222 |
| Short-term deposits maturing within three months | **7,817,337** | 4,890,262 |
| **Cash and cash equivalents** | **10,513,022** | 8,061,484 |

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 4.50% per annum. (2023: 4.20% per annum)

## 6 TERM DEPOSIT

Time deposit amounting to KD 464,868 (2023: KD 484,371) 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

| | *2024* *KD* | *2023* *KD* |
|---|---|---|
| **Financial assets** | | |
| Receivables from related parties (Note 17) | **26,773** | 200,859 |
| Receivables on sale of investment property [1] | **3,457,492** | 3,694,418 |
| Other receivables | **1,351,997** | 1,021,888 |
| | **4,836,262** | 4,917,165 |
| **Non-financial assets** | | |
| Prepayments and advances | **1,803,762** | 983,256 |
| | **1,803,762** | 983,256 |
| | **6,640,024** | 5,900,421 |

[1] Receivable on sale of investment property includes an amount of KD 3,457,492 (2023: KD 3,561,196) which yields an interest at CBK discount rate plus 1.50 % (2023: 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.

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

| | *2024* *KD* | *2023* *KD* |
|---|---|---|
| Financial assets at fair value through profit or loss: | | |
| - Unquoted equity securities | **8,561,747** | 7,490,992 |
| | **8,561,747** | 7,490,992 |

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.

## 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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:

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| Assets | **42,538,500** | 40,538,058 |
| Liabilities | **25,550,900** | 25,395,058 |
| Net assets | **16,987,600** | 15,143,000 |

The structured entities had no contingent liabilities or capital commitments as at 31 December 2024 or 2023.

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

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| United States of America | **16,987,600** | 15,143,000 |
| | **16,987,600** | 15,143,000 |

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

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| Change in fair value of financial assets at fair value through profit or loss | **1,070,755** | 47,028 |
| Distribution income from financial assets at fair value through profit or loss | **512,328** | 512,721 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

## 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.

| | *Al Yal Real Estate Company W.L.L.* | | *First Real Estate Company B.S.C. (Closed)* | | *Cancorp Duisburg S.A.R.L.* | | *Individually immaterial associates* | | *Total* | |
|---|---|---|---|---|---|---|---|---|---|---|
| | ***2024 KD*** | *2023 KD* | ***2024 KD*** | *2023 KD* | ***2024 KD*** | *2023 KD* | ***2024 KD*** | *2023 KD* | ***2024 KD*** | *2023 KD* |
| Current assets | **3,428,510** | 3,075,635 | **5,205,161** | 4,668,149 | **849,909** | 250,592 | **965,974** | 819,747 | **10,449,554** | 8,814,123 |
| Non-current assets | **22,730,578** | 21,965,507 | **59,130,483** | 58,650,258 | **16,670,888** | 18,238,525 | **8,988** | 12,500 | **98,540,937** | 98,866,790 |
| Current liabilities | **525,455** | 726,679 | **1,687,321** | 1,532,059 | **610,269** | 225,438 | **869,839** | 926,577 | **3,692,884** | 3,410,753 |
| Non-current liabilities | **6,181,693** | 6,139,273 | **22,223,805** | 21,531,753 | **13,913,780** | 14,861,624 | **13,847** | 14,554 | **42,333,125** | 42,547,204 |
| **Equity** | **19,451,940** | 18,175,190 | **40,424,518** | 40,254,595 | **2,996,748** | 3,402,055 | **91,276** | (108,884) | **62,964,482** | 61,722,956 |
| **Ownership interest held by the Group** | **50%** | 50% | **29.812%** | 29.812% | **50%** | 50% | **-** | - | **-** | - |
| **Group's carrying amount of the investment** | **9,725,971** | 9,087,595 | **12,051,357** | 12,000,700 | **1,498,374** | 1,701,028 | **45,664** | (54,443) | **23,321,366** | 22,734,879 |
| Revenue | **2,288,321** | 2,071,089 | **5,040,497** | 4,978,188 | **588,537** | 788,264 | **362,197** | 285,980 | **8,279,552** | 8,123,521 |
| Profit (loss) for the year | **1,192,705** | 809,497 | **1,360,464** | 1,313,872 | **(206,795)** | 485,153 | **36,842** | (4,717) | **2,383,216** | 2,603,805 |
| Other comprehensive income for the year | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - |
| Total comprehensive income (loss) for the year | **1,192,705** | 809,497 | **1,360,464** | 1,313,872 | **(206,795)** | 485,153 | **36,842** | (4,717) | **2,383,216** | 2,603,805 |
| Dividends received from associates | **-** | - | **406,137** | 405,362 | **-** | 244,300 | **-** | - | **406,137** | 649,662 |
| **Group's share of results for the year** | **594,049** | 407,389 | **404,283** | 385,872 | **(103,397)** | 242,577 | **18,337** | (2,425) | **913,272** | 1,033,413 |

**9 INVESTMENT IN ASSOCIATES (continued)**

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

| | *Al Yal Real Estate Company W.L.L.* | | *First Real Estate Company B.S.C. (Closed)* | | *Cancorp Duisburg S.A.R.L.* | | *Individually immaterial associates* | | *Total* | |
|---|---|---|---|---|---|---|---|---|---|---|
| | ***2024*** | *2023* | ***2024*** | *2023* | ***2024*** | *2023* | ***2024*** | *2023* | ***2024*** | *2023* |
| | ***KD*** | *KD* | ***KD*** | *KD* | ***KD*** | *KD* | ***KD*** | *KD* | ***KD*** | *KD* |
| **Reconciliation to carrying amounts:** | | | | | | | | | | |
| Opening net assets at 1 January | **9,087,595** | 8,135,084 | **12,000,700** | 12,003,113 | **1,701,027** | 1,625,066 | **(54,443)** | (52,107) | **22,734,879** | 21,711,156 |
| Additional contribution* | **1,625** | 533,434 | **-** | - | **-** | - | **81,753** | - | **83,378** | 533,434 |
| Dividend | **-** | - | **(406,137)** | (405,362) | **-** | (244,300) | **-** | - | **(406,137)** | (649,662) |
| Share of results for the year | **594,049** | 407,389 | **404,283** | 385,872 | **(103,397)** | 242,577 | **18,337** | (2,425) | **913,272** | 1,033,413 |
| Foreign currency | **42,702** | 11,688 | **52,511** | 17,077 | **(99,256)** | 77,684 | **17** | 89 | **(4,026)** | 106,538 |
| At 31 December | **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 |

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 2024, investment in associates with a carrying amount of KD 20,842,714 (2023: KD 20,157,608) are pledged as security to fulfil collateral requirements of certain loans and borrowings (Note 15).

## 10 INVESTMENT PROPERTIES

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

| | 2024 KD | 2023 KD |
|---|---|---|
| At 1 January | **57,566,036** | 57,447,063 |
| Capital expenditure on owned property [1] | **2,477,153** | 1,098,142 |
| Disposal/transfer of investment properties[1] | **(8,900,000)** | (1,901,592) |
| Change in fair value [2] | **330,418** | 888,743 |
| Foreign currency translation adjustments | **108,145** | 33,680 |
| At 31 December | **51,581,752** | 57,566,036 |

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

| | 2024 KD | 2023 KD |
|---|---|---|
| Kuwait | **16,510,000** | 22,733,142 |
| Other GCC countries | **35,071,752** | 34,832,894 |
| | **51,581,752** | 57,566,036 |

[1] 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 (2023: KD 1,901,592) for total consideration of KD 9,931,341 (2023: KD 1,812,516) and recognized gain of KD 1,031,341 (2023: KD 435,089) in the consolidated statement of profit and loss. Further the Group incurred development expenditure of KD 2,477,153 during the year ended 31 December 2024 (2023: KD 1,098,142).

[2] 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 330,418 compared to its carrying values as at 31 December 2024 (2023: decrease of KD 888,743).

Investment properties with a carrying value of KD 22,072,375 (2023: KD 19,524,967) 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 2024 and 2023 are disclosed in Note 20.2.

## 11 SHARE CAPITAL, SHARE PREMIUM AND DIVIDENDS

*(a) Share capital*

| | *Number of shares* | | *Authorised, issued and fully paid* | |
|---|---|---|---|---|
| | ***2024*** | *2023* | ***2024*** | *2023* |
| | | | ***KD*** | *KD* |
| Shares of 100 fils each (paid in cash) | **345,648,600** | 345,648,600 | **34,564,860** | 34,564,860 |

*(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 18 March 2024 approved distribution of cash dividend of 5 fils per share for the year ended 31 December 2023 and directors' remuneration of KD 70,000 for the year then ended.

The Board of Directors in their meeting held on 9 February 2025, proposed a cash dividend of 5 fils per share (2023: 5 fils) for the year ended 31 December 2024. 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

| | ***2024*** | *2023* |
|---|---|---|
| Number of treasury shares | **7,307,970** | 7,307,970 |
| Percentage of total outstanding shares (%) | **2.11%** | 2.11% |
| Cost (KD) | **625,684** | 625,684 |
| Market value (KD) | **738,105** | 635,793 |

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

## 15 LOANS AND BORROWINGS

| | *Currency* | *Rate* | ***2024 KD*** | *2023 KD* |
|---|---|---|---|---|
| Bank borrowings | Kuwaiti Dinar | CBK discount rate Plus 1.25% to 1.50% | **36,500,000** | 36,500,000 |

The Group's secured bank borrowings comprise of:

- Bank loan amount to KD 26,500,000 (2023: KD 36,500,000) from a credit facility having a cash limit of KD 34,150,000 (2023: KD 44,150,000), which carries a profit/interest rate of 1.50% (2023: 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 (2023: KD nil) from a credit facility having a cash limit of KD 20,000,000 (2023: Nil), which carries a profit rate of 1.25% (2023: Nil) per annum over CBK discount rate and which is repayable on 31 March 2031 respectively.

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.

| | ***Borrowings*** | | ***Leases*** | |
|---|---|---|---|---|
| | ***2024 KD*** | *2023 KD* | ***2024 KD*** | *2023 KD* |
| **As at 1 January** | **36,500,000** | 43,500,000 | **466,838** | 103,874 |
| New lease | - | - | **47,215** | 533,568 |
| Financing cash flows: | | | | |
| *Repayments* | **(10,000,000)** | (7,000,000) | **(144,013)** | (179,653) |
| *Proceeds* | **10,000,000** | - | - | - |
| Other changes | - | - | **22,930** | 9,049 |
| **As at 31 December** | **36,500,000** | 36,500,000 | **392,970** | 466,838 |

## 16 ACCOUNTS PAYABLE AND OTHER LIABILITIES

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Accounts payable | **331,170** | 504,339 |
| Rental income received in advance | **603,417** | 555,745 |
| Advance received on sale of investment property | **54,355** | 2,543,017 |
| Accrued interest | **824,014** | 1,010,627 |
| Accrued expenses | **785,315** | 556,310 |
| Lease liabilities | **392,970** | 466,838 |
| Employees' end of service benefits | **742,572** | 643,333 |
| KFAS payable | **28,570** | 72,468 |
| Other liabilities | **860,029** | 943,714 |
| | **4,622,412** | 7,296,391 |

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:

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| **Consolidated statement of financial position** | | |
| Receivables from related parties (Note 7) | | |
| *Associate* | **26,773** | 80,822 |
| *Other related parties* | **-** | 120,037 |
| | **26,773** | 200,859 |
| Receivables on sale of investment property (Note 7) | | |
| *Major shareholder* | **3,457,492** | 3,561,196 |
| **Consolidated statement of profit or loss** | | |
| Management fees | | |
| *Associate* | **81,342** | 81,688 |
| *Major shareholder* | **41,100** | 10,366 |
| Interest income on receivables from a related party | | |
| *Major shareholder* | **197,688** | 203,380 |
| | **320,130** | 295,434 |

**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 2024, the Group has not recorded any allowances for expected credit losses relating to amounts owed by related parties (2023: 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.

Receivable on sale of investment property carries an interest rate of 1.50% (2023: 1.5%) 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.

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| *Compensation of key management personnel of the Group* | | |
| Salaries and short-term benefits | **499,837** | 519,212 |
| Employees' end of service benefits | **59,452** | 55,471 |
| Board of Directors Remuneration | **70,000** | 30,000 |
| | **629,289** | 604,683 |

The Board of Directors of the Parent Company proposed directors' remuneration amounting to KD 70,000 for the year ended 31 December 2024 (31 December 2023: KD 30,000), which is subject to the approval of the shareholders.

## 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:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | ***Domestic KD*** | ***International KD*** | ***Total KD*** | *Domestic KD* | *International KD* | *Total KD* |
| Rental income | **177,000** | **2,739,036** | **2,916,036** | 586,371 | 2,539,913 | 3,126,284 |
| Valuation gain (loss) from investment properties | **247,768** | **82,650** | **330,418** | 1,099,890 | (211,147) | 888,743 |
| Gain on sale of investment properties | **1,031,341** | **-** | **1,031,341** | 79,800 | 355,289 | 435,089 |
| Change in fair value of financial assets at fair value through profit or loss | **-** | **1,070,755** | **1,070,755** | - | 47,028 | 47,028 |
| Distribution income from financial assets at fair value through profit or loss | **-** | **512,328** | **512,328** | - | 512,721 | 512,721 |
| Management fees | **15,704** | **172,473** | **188,177** | 15,788 | 125,723 | 141,511 |
| Interest income | **601,602** | **24,058** | **625,660** | 619,057 | 20,691 | 639,748 |
| Other income | **106,795** | **72,114** | **178,909** | 132,530 | 50,084 | 182,614 |
| Share of results of associates | **-** | **913,272** | **913,272** | - | 1,033,413 | 1,033,413 |
| Net foreign exchange differences | **25,431** | **-** | **25,431** | 28,755 | - | 28,755 |
| Total income | **2,205,641** | **5,586,686** | **7,792,327** | 2,562,191 | 4,473,715 | 7,035,906 |
| Real estate operating costs* | **(33,456)** | **(1,153,893)** | **(1,187,349)** | (70,638) | (1,000,057) | (1,070,695) |
| Staff costs ** | **(948,839)** | **-** | **(948,839)** | (908,861) | - | (908,861) |
| Depreciation | **(113,390)** | **(30,379)** | **(143,769)** | (128,756) | (23,873) | (152,629) |
| Administrative expenses | **(143,269)** | **(42,409)** | **(185,678)** | (147,835) | (38,452) | (186,287) |
| Consultancy and professional fees | **(308,574)** | **(22,454)** | **(331,028)** | (202,438) | (11,051) | (213,489) |
| Finance costs | **(372,116)** | **(1,460,504)** | **(1,832,620)** | (326,752) | (1,731,342) | (2,058,094) |
| Taxation | **(145,187)** | **-** | **(145,187)** | (97,264) | - | (97,264) |
| Total expenses | **(2,064,831)** | **(2,709,639)** | **(4,774,470)** | (1,882,544) | (2,804,775) | (4,687,319) |
| **Profit (loss) for the year** | **140,810** | **2,877,047** | **3,017,857** | 679,647 | 1,668,940 | 2,348,587 |

*Real estate operating costs are entirely attributable to investment properties that generate rental income.
** Staff costs includes director remuneration for the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

## 18 SEGMENT INFORMATION (continued)

| | 31 December 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | ***Domestic KD*** | ***International KD*** | ***Total KD*** | *Domestic KD* | *International KD* | *Total KD* |
| Total assets | **24,759,926** | **76,722,768** | **101,482,694** | 31,464,909 | 71,264,967 | 102,729,876 |
| Total liabilities | **9,060,358** | **32,062,054** | **41,122,412** | 9,117,764 | 34,678,627 | 43,796,391 |
| Commitments | **15,734,819** | **-** | **15,734,819** | 18,104,083 | - | 18,104,083 |

**Other disclosures**

| | ***Domestic KD*** | ***International KD*** | ***Total KD*** | *Domestic KD* | *International KD* | *Total KD* |
|---|---|---|---|---|---|---|
| Total non-current assets[1] | **16,892,483** | **58,410,550** | **75,303,033** | 23,206,686 | 57,585,923 | 80,792,609 |
| Additions to non-current assets[2] | **2,485,637** | **83,378** | **2,569,015** | 1,618,595 | 559,689 | 2,178,284 |
| Investment in associates | **-** | **23,321,366** | **23,321,366** | - | 22,734,879 | 22,734,879 |

[1] Non-current assets for this purpose consist of property and equipment, investment properties and investment in associates.
[2] 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 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|
| *Timing of revenue recognition* | ***Domestic KD*** | ***International KD*** | ***Total KD*** | *Domestic KD* | *International KD* | *Total KD* |
| Services performed at a point in time | **1,031,341** | **4,706** | **1,036,047** | 79,800 | 359,988 | 439,788 |
| Services performed over time | **14,579** | **168,893** | **183,472** | 15,788 | 121,024 | 136,812 |
| | **1,045,920** | **173,599** | **1,219,519** | 95,588 | 481,012 | 576,600 |

## 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:

| | ***2024 Equivalent KD*** | *2023 Equivalent KD* |
|---|---|---|
| US Dollar (USD) | **539,638** | 436,293 |
| UAE Dirham (AED) | **8,246,583** | 3,536,371 |
| Bahraini Dinars (BHD) | **402,928** | 174,978 |
| Euro (EUR) | **79,434** | 303,965 |

## 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)* | |
|---|---|---|---|
| | | ***2024 KD*** | *2023 KD* |
| USD | +10% | **53,963** | 43,629 |
| | -10% | **(53,963)** | (43,629) |
| AED | +10% | **824,658** | 353,637 |
| | -10% | **(824,658)** | (353,637) |
| BHD | +10% | **40,292** | 17,498 |
| | -10% | **(40,292)** | (17,498) |
| EUR | +10% | **7,943** | 30,397 |
| | -10% | **(7,943)** | (30,397) |

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 2024 and 2023, 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.

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| **Variable-rate instruments** | | |
| Financial assets | **11,739,698** | 8,935,830 |
| Financial liabilities | **(36,500,000)** | (36,500,000) |
| | **(24,760,302)** | (27,564,170) |

*Cash flow sensitivity analysis for variable-rate instruments*
A reasonably possible increase of 50 basis points (2023: 50 basis points) in interest rates at the reporting date would have resulted in a decrease in profit for the year by KD 123,802 (2023: KD 137,821). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

## 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 8,561,747 (2023: KD 7,490,992). 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:

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| Bank balances and short-term deposits (Note 5) | **10,512,678** | 8,060,934 |
| Term deposits (Note 6) | **464,868** | 484,371 |
| Accounts receivable and other assets* (Note 7) | **4,836,262** | 4,917,165 |
| | **15,813,808** | 13,462,470 |

**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. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

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.

**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.

As at 31 December 2024, the maximum credit exposure to a single counterparty amounted to KD 3,457,492 (2023: KD 3,561,196).

***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.

**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.

| *31 December 2024* | *Less than 3 months KD* | *3-12 months KD* | *More than 1 year KD* | *Total KD* |
|---|---|---|---|---|
| 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** |
| | **1,940,499** | **2,995,587** | **39,716,242** | **44,652,328** |
| *31 December 2023* | | | | |
| Accounts payable and other liabilities (excluding advances and employees' end of service benefits) | 2,071,276 | 1,090,050 | 392,970 | 3,554,296 |
| Loans and borrowings | - | 2,104,500 | 39,565,428 | 41,669,928 |
| | 2,071,276 | 3,194,550 | 39,958,398 | 45,224,224 |

## 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:

| | | Fair value measurement using | | |
|---|---|---|---|---|
| *31 December 2024* | *Total KD* | *Quoted prices in active markets (Level 1) KD* | *Significant observable inputs (Level 2) KD* | *Significant unobservable inputs (Level 3) KD* |
| *Financial assets at fair value through profit or loss* | | | | |
| Unquoted equity securities | **8,561,747** | - | - | **8,561,747** |
| *31 December 2023* | | | | |
| *Financial assets at fair value through profit or loss* | | | | |
| Unquoted equity securities | 7,490,992 | - | - | 7,490,992 |

There were no transfers between any levels of the fair value hierarchy during 2024 or 2023.

**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:

| *31 December 2024* | *At 1 January KD* | *Total gain recognised in profit or loss KD* | *Net (sales) and purchases KD* | *At 31 December KD* |
|---|---|---|---|---|
| *Financial assets at fair value through profit or loss:* | | | | |
| Unquoted equity securities | **7,490,992** | **1,070,755** | - | **8,561,747** |

**20 FAIR VALUE MEASUREMENT (continued)**

**20.1 Financial instruments (continued)**

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

| *31 December 2023* | *At 1 January* *KD* | *Total gains recognised in profit or loss* *KD* | *Net (sales) and purchases* *KD* | *At 31 December* *KD* |
|---|---|---|---|---|
| *Financial assets at fair value through profit or loss:* | | | | |
| Unquoted equity securities | 7,710,634 | 47,028 | (266,670) | 7,490,992 |

**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** |
|---|---|---|
| Discount for lack of marketability (DLOM) | 2024: 25% (2023: 25%) | 10% (2023: 10%) increase (decrease) in the discount would decrease (increase) the fair value by KD 453,670 (2023: KD 308,047 |

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:

| | | **Fair value measurement using** | | |
|---|---|---|---|---|
| ***31 December 2024*** | ***Total*** ***KD*** | ***Quoted prices in active markets (Level 1)*** ***KD*** | ***Significant observable inputs (Level 2)*** ***KD*** | ***Significant unobservable inputs (Level 3)*** ***KD*** |
| Investment properties | **51,581,752** | **-** | **-** | **51,581,752** |
| *31 December 2023* | | | | |
| Investment properties | 57,566,036 | - | - | 57,566,036 |

There were no transfers between any levels of the fair value hierarchy during 2024 or 2023.

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

## 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.

| *Valuation technique* | ***Fair value 2024 KD*** | *Fair value 2023 KD* | *Key unobservable inputs* | ***Range 2024*** | *Range 2023* |
|---|---|---|---|---|---|
| | | | ▸ Average rent (per sqm) (KD) | **12 - 432** | 9 - 382 |
| Income capitalisation approach | **20,563,712** | 29,183,301 | ▸ Yield rate (%) | **5.08% to 10.32%** | 3.12% to 8.60% |
| Discounted cashflow approach | **5,628,482** | 5,743,744 | ▸ Discount Rate (%) | **12%** | 12% |
| Market comparison approach | **25,389,558** | 22,638,991 | ▸ Price (per sqm) (KD) | **150-6,931** | 149 – 5,684 |

***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.

| | *Changes in valuation assumptions* | *Impact on profit for the year* | |
|---|---|---|---|
| | | ***2024 KD*** | *2023 KD* |
| Average rent | + 5% | **1,471,656** | 1,898,258 |
| | - 5% | **(1,471,656)** | (1,898,258) |
| Yield rate | + 50 bp | **(2,650,255)** | (3,742,578) |
| | - 50 bp | **2,650,255** | 3,742,578) |
| Price per sqm | + 5% | **1,107,431** | 900,333 |
| | - 5% | **(1,107,431)** | (900,333) |

## 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).

**21 CAPITAL MANAGEMENT (continued)**

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Interest-bearing loans and borrowings | **36,500,000** | 36,500,000 |
| Less: Cash and cash equivalents | **(10,513,022)** | (8,061,484) |
| Less: Time deposits | **(464,868)** | (484,371) |
| **Net debt** | **25,522,110** | 27,954,145 |
| Capital | **50,239,459** | 49,135,966 |
| **Capital and net debt** | **75,761,569** | 77,090,111 |
| **Gearing ratio** | **33.69%** | 36.26% |

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 2024, 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 15,734,819 (2023: KD 18,104,083). 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:

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Within one year | **1,941,403** | 1,151,003 |
| After one year, but not more than 5 years | **322,291** | 765,575 |
| | **2,263,694** | 1,916,578 |

*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*

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Letters of guarantee | **859,851** | 984,371 |

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 464,868 (2023: KD 484,371) are restricted against letters of guarantee provided to the Group by its bank (Note 6).

إنجازات
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