



**ANNUAL  
REPORT**

2025



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# BOARD OF DIRECTORS REPORT

**ESTEEMED  
SHAREHOLDERS,**

**PEACE, MERCY, AND BLESSINGS OF  
ALLAH BE UPON YOU,**

**IT GIVES ME GREAT PLEASURE, ON MY OWN BEHALF AND ON BEHALF OF THE MEMBERS OF THE BOARD OF DIRECTORS, TO WARMLY WELCOME YOU AND PRESENT TO YOU THE ANNUAL REPORT OF TAMDEEN REAL ESTATE COMPANY AND ITS SUBSIDIARIES. THIS REPORT BRIEFLY REVIEWS THE MOST PROMINENT DEVELOPMENTS, AS WELL AS THE OPERATIONAL AND FINANCIAL RESULTS ACHIEVED BY THE COMPANY, ITS SUBSIDIARIES, AND ITS ASSOCIATES DURING THE YEAR 2025. IT ALSO INCLUDES THE FINANCIAL STATEMENTS, THE INDEPENDENT AUDITOR'S REPORT, THE CORPORATE GOVERNANCE REPORT, AND THE AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025.**

**DEAR ESTEEMED  
SHAREHOLDERS,**

DURING 2025, THE GLOBAL ECONOMY CONTINUED ITS RECOVERY AT A CAUTIOUS PACE AMID AN ECONOMIC ENVIRONMENT CHARACTERIZED BY HEIGHTENED UNCERTAINTY, DRIVEN BY ONGOING GEOPOLITICAL TENSIONS AND THEIR REPERCUSSIONS ON ENERGY MARKETS AND INTERNATIONAL TRADE. ON THE OTHER HAND, THE GRADUAL DECLINE IN INFLATION RATES ACROSS MOST ADVANCED AND EMERGING ECONOMIES—RESULTING FROM CONSERVATIVE MONETARY POLICIES ADOPTED SINCE 2022—HAS ALLOWED SEVERAL CENTRAL BANKS TO GRADUALLY RECALIBRATE THEIR MONETARY POLICIES THROUGHOUT 2025, FOCUSING ON ACHIEVING A BALANCE BETWEEN SUPPORTING ECONOMIC GROWTH AND MAINTAINING PRICE STABILITY. IN THIS CONTEXT, THE CENTRAL BANK OF KUWAIT REDUCED THE DISCOUNT RATE TWICE DURING 2025 BY 25 BASIS POINTS EACH TIME, BRINGING IT DOWN TO 3.50% BY YEAR-END. THIS STEP REFLECTS A BALANCED MONETARY POLICY AIMED AT SUPPORTING ECONOMIC ACTIVITY AND ENHANCING FINANCIAL STABILITY, WHILE MAINTAINING THE ATTRACTIVENESS OF THE KUWAITI DINAR AND THE STABILITY OF THE BANKING SYSTEM.

# BOARD OF DIRECTORS REPORT

## 31 DECEMBER 2025

**O**n the domestic front, Kuwait's economy in 2025 was affected by fluctuations in global oil prices amid geopolitical developments and volatility in production and demand levels in international markets. This was particularly reflected in the pace of economic activity, as the government made significant efforts to implement economic reform programs within the framework of Kuwait Vision 2035. The year also witnessed several measures aimed at enhancing fiscal sustainability, most notably the approval of Kuwait's public debt law, with the objective of supporting development projects, stimulating investment, and strengthening the role of the private sector in driving economic growth.

### **DEAR BROTHERS,**

Tamdeen Real Estate Company continued throughout 2025 to implement the pillars of its strategic approach, which is based on enhancing operational efficiency and financial effectiveness by strengthening the role of its specialized subsidiaries and associates in investment, real estate development, and entertainment sectors. This has contributed to maximizing the value of the Company's investments and consolidated assets. This was clearly demonstrated by Tamdeen Real Estate Company, in collaboration with its subsidiaries (Tamdeen Investment Company and Manshar Real Estate Company), through the restructuring of the financial framework of Tamdeen International Hotels Company and increasing its capital to reach KD 55 million during 2025—a step that supports its direction toward investing in promising projects that generate sustainable added value.

**With regard to the performance of subsidiaries and associates, I would like to highlight the key achievements during 2025:**

- Tamdeen Investment Company (a subsidiary) continued during 2025 to implement the investment and operational policies approved by the Board of Directors, aiming to preserve and grow its assets. This was clearly reflected in the diversification of its investments in Kuwait Finance House, Kuwait National Cinema Company, and Manshar Real Estate Company. Cash dividends received from the Company's investment assets during 2025 exceeded KD 12.1 million, confirming the strength of its asset base and its solid investment position.
- Manshar Real Estate Company maintained outstanding operational performance through its real estate investment in Al Kout Mall, achieving a net profit of approximately KD 10.9 million, representing a growth rate of 22% compared to the previous year.

In addition, the Hyatt Regency Al Kout Mall Hotel, owned by the Company, obtained several internationally recognized certifications, including ISO 22000:2018 for Food Safety Management Systems, HACCP certification, ISO 14001 for Environmental Management Systems, as well as the prestigious Green Key certification for the second consecutive year. These achievements reflect the hotel's commitment to the highest international standards in food safety, environmental protection, and sustainable hospitality, by enhancing service quality and implementing best operational practices to ensure exceptional guest experience.

# BOARD OF DIRECTORS REPORT

## 31 DECEMBER 2025

As for associate companies, Tamdeen Shopping Centers Company maintained its leadership during 2025, with 360 Mall remaining one of the most prominent and distinguished shopping destinations in terms of the quality of services offered to its visitors. This was achieved through organizing numerous unique and innovative exhibitions and events, which positively impacted the Company's operating revenues.

The Company also advanced the development of its real estate portfolio by progressing in the execution of "The Farm Kuwait" project on land owned by the Company in Sabah Al Salem. This project is set to become a new destination combining commercial spaces and entertainment facilities within a harmonious environment that meets the needs of various segments of society. The project aligns with the Company's long-term strategy to develop high-quality urban destinations that enhance lifestyle by offering integrated experiences combining comfort, accessibility, and community engagement. The project is expected to be completed in the third quarter of 2027.

Tamdeen Shopping Centers Company also focused on enhancing the efficiency and effectiveness of its subsidiaries, which was reflected in the continued outstanding performance of Spirit Real Estate Development Company and its distinguished investment in the Sheikh Jaber Al Abdullah Al Jaber Al Sabah International Tennis Complex (360 Mall expansion).

Furthermore, Tamdeen Entertainment Company, the entertainment arm of Tamdeen Shopping Centers—maintained its position as a leading company in the entertainment sector by offering integrated and distinctive entertainment experiences that meet the aspirations of various age groups. The Company continued to move forward with its expansion strategy by developing and opening new projects.

Tamdeen Shopping Centers also continued to strengthen its local role in the retail market through Three Sixty Style Company (one of its subsidiaries), which specializes in fashion retail and achieved remarkable performance during the year, recording significant profit growth of 166% compared to the previous year, supported by increased cash dividend distributions from its investments. In line with its strategy to enhance its presence in the retail sector, the Company continues to explore promising investment opportunities to attract distinguished global brands, thereby strengthening its current brand portfolio and supporting sustainable growth prospects.

### **DEAR ESTEEMED SHAREHOLDERS,**

In light of the above, and as a result of the diligent efforts made by the Board of Directors and all employees, which positively and fruitfully reflected on the financial results of Tamdeen Real Estate Company and its subsidiaries, the Company achieved operating revenues of approximately KD 27.6 million in 2025 (compared to KD 25.7 million in the previous year), and a net profit of KD 20.36 million, equivalent to earnings per share of 50.7 fils (compared to a net profit of KD 15.45 million and earnings per share of 38.5 fils in the previous year).

Accordingly, the Board of Directors has decided to recommend to the General Assembly the distribution of cash dividends at a rate of 18% of the paid-up capital to the Company's shareholders, as well as recommending remuneration for Board members amounting to KD 35,000 (KD 7,000 per member) for the financial year ended December 31, 2025. These recommendations are subject to the approval of the General Assembly of shareholders.

# BOARD OF DIRECTORS REPORT

## 31 DECEMBER 2025

### **IN CONCLUSION,**

It is my honor, on my own behalf and on behalf of the Board of Directors, to extend my highest expressions of gratitude and appreciation to His Highness the Amir of the State of Kuwait, Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah, may Allah preserve and protect him; to His Highness the Crown Prince, Sheikh Sabah Khaled Al-Hamad Al-Mubarak Al-Sabah, may Allah preserve him; and to His Highness the Prime Minister, Sheikh Ahmad Abdullah Al-Ahmad Al-Sabah, may Allah preserve him. This comes in appreciation of their generous patronage and continuous support for the private sector in the State of Kuwait, reflecting the wise leadership's commitment to strengthening economic development and establishing a stimulating and sustainable investment environment.

We also extend our sincere thanks and appreciation to our valued shareholders for their trust and continuous support, which has been a fundamental pillar in our journey toward excellence and achieving our strategic objectives.

Finally, we express our deep appreciation to the esteemed members of the Board of Directors and extend special thanks to all employees of the Company for their diligent efforts and professional dedication. Their commitment and devotion have had the greatest impact on achieving the distinguished results accomplished during 2025, representing a solid step toward a brighter and more successful future.

MAY THE PEACE, MERCY AND  
BLESSINGS OF ALLAH BE UPON YOU,

**MOHAMED ABDULHAMID  
ALMARZOOK**

**CHAIRMAN OF THE  
BOARD OF DIRECTORS**

2025



## **BOARD MEMBERS**      **EXECUTIVE MANAGEMENT**

**Mohamed Abdulhamid AlMarzook**  
CHAIRMAN OF THE BOARD OF  
DIRECTORS

**Abdulaziz Abdallah Al Ghanim**  
VICE CHAIRMAN OF THE BOARD  
OF DIRECTORS

**Abdulaziz Emad Al Sagar**  
BOARD MEMBER

**Khaled Meshal Al Marzouq**  
BOARD MEMBER

**Marzouq Abdulwahab Al Marzouq**  
BOARD MEMBER

**Mahmoud Dawoud Al Marzouq**  
CHIEF EXECUTIVE OFFICER

**Salah Abdulaziz Al Bahar**  
GENERAL MANAGER -  
ADMINISTRATION

**Khalid Omar Abbas**  
GENERAL MANAGER - FINANCE

**Muath Bisher Al Roumi**  
GENERAL MANAGER - MARKETING

**Ahlam Daychoum**  
GENERAL MANAGER - LEGAL

**Nabil Fares**  
GENERAL MANAGER - IT

# GOVERNANCE REPORT

## 31 DECEMBER 2025

## GOVERNANCE REPORT CORPORATE GOVERNANCE OUTLINE

Governance Rules are represented in principles, policies and procedures designed to regulate relationships among the shareholders, Board of Directors, Executive Management, and stakeholders. Tamdeen Real Estate is proceeding with the application of the rules of governance guided by a strong belief of its Importance, the company is keen upon ensuring that all are kept aware at all times of all the relevant development, with the utmost transparency.

Tamdeen Real Estate has fully adopted and implemented the rules of governance by the Board of Directors monitoring of the work of the various committees, reviewing their periodic reports, looking into the reports received from the Risk Management Office, the remarks of the Internal Audit Office and taking appropriate corrective decisions.

Strongly believing in the importance and value of social responsibility, Tamdeen Real Estate Company has implemented and executed the social responsibility plan for 2025 to achieve the results outlined in the report.

## CONSTRUCT A BALANCED BOARD COMPOSITION

### COMPOSITION OF THE BOARD OF DIRECTORS

Member name	Classification of the Member / Secretary	Academic Qualification & Practical Experience	Date of Election Assignment
Mr. Mohamed Abdulhamid AlMarzook	Chairman of the Board of Directors Non Executive	BA and 30 years of experience	22/05/2025
Mr. Abdulaziz Abdallah Ali Al Ghanim	Vice Chairman of the Board of Directors Non Executive	BA and 33 years of experience	22/05/2025
Mr. Khaled Meshal Jassim Al Marzouq	Member of the Board of Directors Non Executive	BA and 08 years of experience	22/05/2025
Mr. Marzouq Abdulwahab Al Marzouq	Member of the Board of Directors Non Executive	BA and 09 years of experience	22/05/2025
Mr. Abdulaziz Emad Jassim Al Sagar	Member of the Board of Directors Independent	BA and 11 years of experience	22/05/2025
Mr. Salah Abdulaziz Al Bahar	Secretary of the Board of Directors	BA and 37 years of experience	22/05/2025

# GOVERNANCE REPORT

## 31 DECEMBER 2025

### BOARD OF DIRECTORS MEETINGS DURING 2025

The Board of Directors meets regularly and at least six times annually to carry out the tasks and responsibilities entrusted to them, and to discuss issues related to the company's activity.

	Meeting number 01-2025 Date 19/01/2025	Meeting number 02-2025 Date 02/03/2025	Meeting number 03-2025 Date 26/03/2025	Meeting number 04-2025 Date 14/05/2025	Meeting number 05-2025 Date 22/05/2025	Meeting number 06-2025 Date 13/08/2025	Meeting number 07-2025 Date 01/09/2025	Meeting number 08-2025 Date 12/11/2025	Meeting number 09-2025 Date 23/11/2025	Meeting number 10-2025 Date 10/12/2025	Number of meetings attended
Mr. Mohamed Abdulhamid AlMarzook Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Abdulaziz Abdallah Ali Al Ghanim Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Khaled Meshal Jassim Al Marzouq	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Marzouq Abdulwahab Al Marzouq	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Abdulaziz Emad Jassim Al Sagar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10

### REGISTRATION, COORDINATION AND KEEPING THE MINUTES OF THE BOARD OF DIRECTORS MEETINGS

The Secretary of the Board of Directors keeps a register of the Company's Board of Directors minutes of meetings. The register contains information on the agenda of each meeting, place of meeting, the date and time the meeting started and ended. Meetings are numbered sequentially for each year. Files are prepared containing the minutes of the meeting, and the members of the Board are provided with the agenda supported by documents relevant to the meeting before the time of the meeting to allow the members' sufficient time to study the items on the agenda. The minutes are signed by all attendees. The minutes of the meetings that are held in circulation are signed by all members of the Board of Directors.

### ACKNOWLEDGMENT BY THE INDEPENDENT MEMBER:

The independent member acknowledges the availability of the independence conditions according to Article (3-2) of Chapter Three of Module Fifteen (Corporate Governance) of the Executive Regulations of Law No. (7) Of 2010.

## ESTABLISH APPROPRIATE ROLES AND RESPONSIBILITIES

### RESPONSIBILITIES OF THE BOARD OF DIRECTORS

**The Company's Board of Directors performs its basic functions and responsibilities which include the following:**

- Approving the Company's key objectives, strategies, and policies.
- Approving the capital structure that best suits the company and its financial objectives.
- Establishing a governance system for the company that complies with the corporate governance rule provisions issued by the Capital Markets Authority in Kuwait, supervising the same and controlling its effectiveness and amending it as needed.
- Ensuring that the organization structure of the company is implemented with utmost transparency and clarity to enable decision making and implementation of sound governance rules and separation between the powers and authorities of the Board of Directors and the Executive Management.
- Approving the organizational and functional structures in the company and reviewing them on a regular basis.
- Establishing a mechanism to regulate dealing with related parties.
- Establishing a policy to regulate relations with stakeholders to preserve their rights.
- Determining the dividend policy.
- Issuing remuneration systems granted to employees.
- Appointing or laying off any member of the Executive Management, CEO, or any member reporting to him.
- Ensuring the accuracy and integrity of the data and information that should be disclosed and ensuring that they conform to the policies and laws of disclosure and transparency in force.
- Issuing the estimated annual budgets and approving the interim and annual financial statements.
- Supervising the main capital expenditure, ownership, and disposal of assets.
- Ensuring that all financial and accounting systems are sound including all systems related to financial reports.
- Ensuring the implementation of regulatory systems to measure and manage risks.
- Supervising and monitoring the performance of the members of the Executive Management and ensuring that they are executing all the duties entrusted to them.
- Ensuring that the Company complies with the policies and procedures designed to observe the applicable rules & internal regulations.

### RESPONSIBILITIES OF THE EXECUTIVE MANAGEMENT

**The Company's Executive Management, represented by the Chief Executive Officer and chief executives, executes a set of functions that may be summarized as follows:**

- Executing the general strategy and detailed plans approved by the Board of Directors.
- Executing all policies, regulations, and internal regulations of the company as approved by the Board of Directors.
- Initiating an integrated accounting system that ensures the keeping of books, registers and accounts that reflect in a detailed and accurate manner the financial data and income statements in such a way as to safeguard the Company's assets.
- Laying down an internal control system and risk management system and ensuring the effectiveness and adequacy of those systems.
- Undertaking the daily management of the business and administration of the activity, managing the Company's resources in an optimum manner, and seeking to maximize profits and minimize expenses in accordance with the Company's objectives and strategy.
- Preparing periodical (financial and non-financial) reports on the progress of the Company's activities, considering the strategic plans and objectives of the company, and submitting those reports to the Board of Directors.
- Preparing the financial statements according to the International financial reporting standards applicable in the state of Kuwait and approved by the Kuwaiti Capital Markets Authority.
- Effectively participating in the building and development of moral values within the Company.

# GOVERNANCE REPORT

## 31 DECEMBER 2025

### **ACHIEVEMENTS OF THE BOARD OF DIRECTORS**

- Approving the annual financial statements for the year 2024 and the interim financial statements for the year 2025.
- Following up the effective implementation of the requirements of the Kuwait Capital Markets Authority related to corporate governance, through:
  - Approving the governance report issued for the year 2024.
  - Follow up the work of the committees and review the periodic reports issued by them.
  - Reviewing the reports issued by the Internal Audit Office and taking the necessary corrective measures.
  - Review risk reports and ensure that risks do not exceed the specified level approved by the Board.
  - Reviewing work progress with the executive management.

### **MECHANISM OF PROVIDING THE BOARD OF DIRECTORS MEMBERS WITH INFORMATION AND DATA IN AN ACCURATE AND TIMELY MANNER**

Tamdeen Real Estate Company provides the mechanisms and tools that enable the members of the Board of Directors to obtain the required information and data in a timely manner. This is achieved by a continuous development of the information technology environment within the Company, the creation of direct communication channels between the Secretary of the Board of Directors and the Board members and making reports and materials to be discussed at the meetings available a sufficient time in advance to facilitate discussion and taking well-informed decisions.

### **BOARD OF DIRECTORS COMMITTEES**

The Board of Directors of Tamdeen Real Estate Company aims at approving an administrative structure that helps it discharging its activities. This structure is based on three main committees derived from the Board: Audit Committee, Nominations and Remuneration Committee and Risk Management Committee. These committees have an important role in providing support to the Board of Directors in discharging its duties.

#### **Remunerations and Nominations Committee**

The committee was established to assist the company's board of directors in performing its supervisory responsibilities related to the effectiveness and integrity of compliance with the company's nomination and remuneration policies and procedures, reviewing and approving the selection criteria and appointment procedures for members of the board of directors and the executive management, and ensuring that the nomination and remuneration policy and methodology as a whole commensurate with the company's strategic objectives, so a policy was prepared Rewards for attracting qualified, skilled and experienced employees.

The Nominations and Remunerations Committee was formed of three members, the head of the Committee is a non-executive member and one of the members is an independent member.

During 2025, the Committee prepared the annual evaluation of the members of the Board of Directors and the Executive Management based on the job performance indicators (KPI) approved by the Board and based on the concept of comprehensive and self-evaluation on the part of the members. As it measures the overall performance in an impartial and objective way, which helps to avoid mistakes and fix defects to correct the imbalance that avoids the proper implementation of corporate governance.

The committee makes sure that the independent member is not deprived of the status of independence.

The committee has recommended the remuneration of the members of the Board of Directors and the CEO.

The committee has prepared Statement of the Remunerations granted to the members of the Board of Directors and Executive Management.

# GOVERNANCE REPORT

## 31 DECEMBER 2025

### Formation of the Remunerations and Nominations Committee

The Remuneration and Nominations Committee was formed on 22nd May 2025 and its period is in line with the period of the Board and consists of the following members:

1. Mr. Mohamed Abdulhamid AlMarzook	Head of Committee
2. Mr. Khaled Meshal Jassim Al Marzouq	Member of the Committee
3. Mr. Abdulaziz Emad Jassim Al Sagar	Member of the Committee - Independent
4. Mr. Salah Abdulaziz Al Bahar	Secretary of the Committee

### Meetings of the Remunerations and Nominations Committee during 2025

Meeting Date	Meeting Number	Number of Attendees
16/01/2025	01 – 2025	3
17/02/2025	02 – 2025	3
23/03/2025	03 – 2025	3

- The Committee keeps a record of the minutes of meetings. This record is kept by the committee's Secretary.

## REMUNERATION POLICY

The company's remuneration policy has been prepared to attract and retain employees with competence, knowledge, skills, and experience. The Board of Directors, based on the recommendations of the Remuneration and Nomination Committee, approves, and amends the company's remuneration policy, considering the following:

### First: Board members' remuneration:

The remunerations of the members of the Board of Directors are determined based on a recommendation from the Remuneration and Nominations Committee and in a manner that does not conflict with the Company's Articles of Association and other relevant regulations, provided that such remunerations are subject to the approval of the Company's General Assembly.

### Second: Executive management remuneration in the company:

The Nominations and Remunerations Committee studies the annual remunerations proposal for the executive management of the company based on their annual evaluation in accordance with the company's remuneration policy approved by the Board of Directors and submits a recommendation to the Board of Directors for approval.

**Third: This remuneration is not binding on the company, but is subject to annual study, based on the company's achievement of the desired profits and goals.**

GOVERNANCE REPORT  
31 DECEMBER 2025

Remunerations and benefits of Members of Board of Directors								
Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries				
	Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	Committees' remuneration	Health insurance	Monthly salaries (total of the year)	Annual remuneration	Committees' remuneration	
5	-	35,000	-	-	-	21,000	-	

Total remunerations and benefits granted for the executive who have received the highest remuneration								
Total number of executive positions	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries				
	Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Monthly salaries (total of the year)	Health insurance	Annual remuneration	Committees' remuneration	Health insurance	Monthly salaries (total of the year)	Annual remuneration	Committees' remuneration
6	426,177	7,692	96,750	-	-	-	7,000	-

- There were no material deviations from the remuneration policy approved by the Board of Directors

## ENSURING THE INTEGRITY OF FINANCIAL REPORTING

### UNDERTAKING OF THE BOARD OF DIRECTORS

We, the chairman and members of the Board of Directors of Tamdeen Real Estate Company (Kuwaiti Public Shareholding Company) hereby declare and warrant the accuracy and integrity of the consolidated financial statements for the year 2025 that have been provided to the external auditor and that the financial reports of the company have been presented fairly, properly and according to the International Financial Reporting Standards applicable in the State of Kuwait and approved by Kuwaiti CMA and represent the financial position of the company as at 31 December 2025 according to such information and reports as have been received by us from the Executive Management and the independent external auditor and that due care has been made to verify the integrity and accuracy of those reports.

<b>Member</b>	<b>Position</b>
Mr. Mohamed Abdulhamid AlMarzook	Chairman of the Board of Directors - Non-Executive member
Mr. Abdulaziz Abdallah Ali Al Ghanim	Vice Chairman of the Board of Directors - Non-Executive member
Mr. Marzouq Abdulwahab Al Marzouq	Member of the Board of Directors - Non-Executive member
Mr. Khaled Meshal Al Marzouq	Member of the Board of Directors - Non-Executive member
Mr. Abdulaziz Emad Jassim Al Sagar	Member of the Board of Directors - Independent

- Signed by the Board of Directors on 17 March 2026.

# GOVERNANCE REPORT

## 31 DECEMBER 2025

### UNDERTAKING OF THE INTEGRITY AND ACCURACY OF FINANCIAL STATEMENTS

The Executive Management acknowledges to the Board of Directors in writing accuracy and integrity of the financial statements that have been presented fairly and properly and that cover all financial aspects of the company from operating statements and results according to the International Financial Reporting Standards and approved by Kuwaiti CMA.

#### The Audit Committee

The Committee aims at assisting the Board of Directors in ensuring the adequacy of the internal audit and supervision regulations enforced at the Company, assessing the performance of the internal and external audit, verifying the adequacy of the company's procedures, monitoring compliance with the laws, regulations, and accounting transactions as well as financial reports in order to ensure transparency and justice thereof in addition to assessing the performance of the internal audit department.

Audit committee is formed of three members in which one of members is independent and the Board chairman or Executive Members of the Board of Directors not a member in such committee. Also, the committee includes one member who has educational qualifications and/or practical experience in the accounting and financial fields.

During the year 2025, the Audit Committee held its periodical meetings with the External Auditor, the Internal Audit Officer has attended all the 4 Audit Committee meetings during 2025. Also, the Committee reviewed the interim financial statements for the year 2025 and the annual financial statements for 2024. A recommendation was made to the Board of Directors for approval in addition to recommending to the Board of Directors to appoint the External Auditor for the year ended 31 December 2025 after verifying his Independence and reviewing his letter of appointment.

The committee also approved the Audit Committee report for 2024, reviewed the internal audit report and ICR for year 2024 and take the corrective actions and followed up these actions. The Committee decided to renew the contract with the internal audit office's consultant.

During 2025, an independent audit firm was engaged to evaluate and review the performance of the internal audit function in compliance with the Capital Markets Authority regulations, which require a periodic review of its performance every three years.

#### Formation of the Audit Committee

The Audit Committee was formed on 22 May 2025 and its period is in line with the period of the current Board and consists of the following members:

- |                                       |                                       |
|---------------------------------------|---------------------------------------|
| 1. Mr. Marzouq Abdulwahab Al Marzouq  | Head of Committee                     |
| 2. Mr. Khaled Meshal Al Marzouq       | Member of the Committee               |
| 3. Mr. Abdulaziz Emad Jassim Al Sagar | Member of the Committee - Independent |
| 4. Mr. Samer Abdulsalam Mohammad      | Secretary of the Committee            |

#### Meetings of the Audit Committee during 2025

Meeting Date	Meeting Number	Number of Attendees
24/03/2025	01 – 2025	3
13/05/2025	02 – 2025	3
12/08/2025	03 – 2025	3
11/11/2025	04 – 2025	3

- The Committee keeps a record of the minutes of meetings. This record is kept by the committee's Secretary.
- There was no conflict between the recommendations of the committee and the decisions of the Board of Directors of the company during 2025.

# GOVERNANCE REPORT

## 31 DECEMBER 2025

### INDEPENDENCY AND NEUTRALITY OF EXTERNAL AUDITOR

The General Assembly appointed an auditor registered in the Auditors' Register at the Authority upon the proposal of the Board of Directors pursuant to a recommendation from the Audit Committee. This appointment of the auditor satisfies all the conditions of the Authority in terms of his being independent and his not undertaking any additional services to the company other than the services required by auditing profession so that his appointment would not affect his neutrality and independence.

### APPLY SOUND SYSTEMS OF RISK MANAGEMENT AND INTERNAL CONTROL

#### RISK MANAGEMENT OFFICE

Tamdeen Real Estate has a Risk Management Office that operates and reports directly to the Risk Management Committee. A specialized consulting firm has been appointed, where the concerned departments, in cooperation with the Risk Management Office, submit their Risk Register Reports to the Board for approval.

#### Risk Management Committee

The Risk Management Committee helps the Company's Board of Directors in supervising all matters related to current and future risks associated with the activities of the company.

The risk management committee is formed of three members in which the head of the committee is a non-executive member of the Board of Directors and the chairman of the Board of Directors is not a member in the committee.

During the year, the Committee updated the Risk Register to help the Board of Directors in assessing and following up these risks. In addition, the Committee reviewed the Risk Management Report for 2024 and the Periodic Risk Management Reports during the year 2025 and ensured that corrective actions are taken concerning the remarks contained in the report.

The Committee also decided to renew the contract with the consulting firm of Risk Management office.

#### Formation of the risk management committee

The Risk Management Committee was constituted on 22nd May 2025 and its period is in line with the period of the Board and consists of the following members:

- |   |                                       |
|---|---------------------------------------|
| 1. Mr. Abdulaziz Abdallah Ali Al Ghanim | Head of Committee                     |
| 2. Mr. Abdulaziz Emad Jassim Al Sagar   | Member of the Committee - Independent |
| 3. Mr. Marzouq Abdulwahab Al Marzouq    | Member of the Committee               |
| 4. Mr. Mahmoud Mohamed Abo Al ela       | Secretary of the Committee            |

#### Meetings of the Risk Management Committee during 2025

Meeting Date	Meeting Number	Number of Attendees
05/04/2025	01 – 2025	3
26/05/2025	02 – 2025	3
24/09/2025	03 – 2025	3
19/11/2025	04 – 2025	3

- The Committee keeps a record of the minutes of meetings. This record is kept by the committee's Secretary.

# GOVERNANCE REPORT

## 31 DECEMBER 2025

### INTERNAL CONTROL AND SUPERVISION SYSTEMS

The company has internal control and supervision systems that cover all the activities of the company to maintain the financial integrity of the company's financial position, accuracy of data as well as the efficiency of its operations in various aspects. The organizational structure of the company reflects internal control, including proper identification of authorities and responsibilities, checking, dual control, and supervision, separation of duties and non-conflict of interests. The Board of Directors also follows up on the internal control systems through periodic reports prepared by the various committees and departments of the company.

The commissioning of the Independent Audit Office was renewed to review and evaluate the Company's internal control systems and to prepare a report on this matter provided that the same has to be submitted to the Capital Markets Authority on an annual basis.

The Audit Committee is responsible for reviewing the adequacy and efficiency of the company's internal control systems applied in the company.

### INTERNAL AUDIT OFFICE

The Company has provided an Internal Audit Office, where the concerned officer enjoys full independence, and the Audit Committee monitors the work of that Office. Further, the company has appointed a consulting firm to work with the Internal Audit Office to perform the tasks and responsibilities entrusted thereto.

## PROMOTE CODE OF CONDUCT AND ETHICAL STANDARDS

### BUSINESS CHARTER

Tamdeen Real Estate Company ensured implementation of a business charter that promotes the culture of professional conduct and moral values within the company and strengthens the confidence of investors in the integrity of the company and its soundness financially. To this end, the company ensured that the entire staff at the company, whether members of the Board of Directors, Executive Management, or other employees, comply to the internal policies and regulations of the company and its legal and supervisory requirements in order to achieve the interests of all parties related to the Company, particularly the shareholders, without any conflict of interest and with a high level of transparency.

### POLICY OF REPORTING VIOLATIONS AND EXCESSES

Tamdeen Real Estate Company implies a general policy for reporting violations and excesses. The policy enables company employees to express internally their suspicions concerning any unsound practices that raise supposition in the financial reports, internal control systems or any other matters, and so, by implementing appropriate mechanisms that allow the conduct of independent and fair investigations of these matters while guaranteeing the confidentiality for protection from any negative reaction or damage that may be the result of having reported such practices.

### CONFLICT OF INTEREST

The company believes in the importance of reducing the conflict-of-interest cases and without prejudice to the cases set out in the Companies Law. The company adopts a clear policy to regulate dealing with related parties which includes methods for resolving and dealing with conflict-of-interest cases.

The report of transactions with related parties is discussed during the General Assembly.

## **TIMELY AND HIGH QUALITY DISCLOSURE AND TRANSPARENCY**

### **DISCLOSURE AND TRANSPARENCY**

To observe the governance criteria related to promoting the disclosure mechanism with utmost accuracy for all major issues related to the performance of the company, its financial position and its ownership structure, the relevant departments approved by the Board of Directors are responsible for verifying that the company is disclosing the material information related to Kuwait Stock Exchange and the Capital Markets Authority. Moreover, the company's website is considered one of the disclosure means in addition to the annual reports, financial interim statements, its notes, and all information relevant to the company's activities.

### **DISCLOSURE REGISTER**

The company has a register that includes all disclosures of the members of the Board of Directors and Executive Management and shareholders have the right to peruse this register.

### **INVESTORS RELATIONS UNIT**

The Investor Relations Unit ensures that stakeholders are able to communicate effectively with the company. The unit has activated its role by providing all required data to current and potential investors in easy and convenient ways, to answer any queries, through the company's e-mail or direct contact.

### **DEVELOPING INFORMATION TECHNOLOGY**

Tamdeen Real Estate Company is keen to develop its information technology infrastructure that serves as the key driver of its disclosure process. In this regard, the Company's web site serves as an essential part of the disclosure mechanism in addition to the annual reports, financial statements, and notes to the financial statements and information related to the Company's activities.

## RESPECT THE RIGHTS OF SHAREHOLDERS

### SHAREHOLDERS' RIGHTS

Tamdeen Real Estate seeks to offer optimal respect of the rights of its shareholders right by committing to transparency and constant communication through its dealings between the company's management and shareholders using all available means, taking into consideration the following:

- Adopting open door policy to receive any proposals and complaints that are constantly announced in the Chairman's message during the meetings of the general assemblies.
- The website was updated that provides all information, data, and announcements on a regular basis.
- Sending invitations to shareholders for ordinary and extraordinary general assemblies, ensuring that shareholders received the approved dividends through the approved means and encouraging them to practice their rights through the different means of communication.
- Encouraging shareholders to participate and/or get involved in the company's activities and events held by the company at different times.

### SHAREHOLDERS' REGISTER

The company has a shareholders register maintained by the clearing agency which allows shareholders to inspect this register. All dealings with the data recorded in the register are treated with the highest standards of protection and confidentiality, without conflicting with the applicable laws and controls.

### ENCOURAGING SHAREHOLDERS TO PARTICIPATE AND VOTE IN THE COMPANY'S GENERAL ASSEMBLY MEETINGS

Tamdeen Real Estate Believes that participation in the meeting of the company's general assemblies is an inherent right for all shareholders. Therefore the company encourages shareholders to attend the annual general assembly by sending Invitations to participate and allowing shareholders to have access to Information and data related to the agenda to ensure that all shareholders have access to their rights and vote in the company's general assembly.

## **RECOGNIZE THE ROLES OF STAKEHOLDERS**

### **STAKEHOLDERS**

Tamdeen Real Estate Company has adopted a policy that regulates its relations with stakeholders. The policy features rules and procedures that guarantee protection and recognition of the rights of stakeholders and ensures that they are properly indemnified in the event of violation of any of their rights in strict observance of the letter and spirit of the relevant laws.

### **ENCOURAGING STAKEHOLDERS TO KEEP TRACK OF THE COMPANY'S VARIOUS ACTIVITIES**

The Company guarantees stakeholder rights by providing information periodically by maintaining continuous communication with them and encouraging them to follow up the Company's activities within a framework of clear transparency and open dialogue by keeping them informed of all developments related to its periodical financial statements and on-going disclosures subject to the Company's contracts and operational policies.

## **ENCOURAGE AND ENHANCE PERFORMANCE**

### **TRAINING PROGRAMS AND SESSIONS**

Tamdeen Real Estate Company provides the needful training requirements for the members of the Board of Directors and Executive Management to promote relevant skills and knowledge as well as to achieve a better performance and competence. In this regard, in 2023, the company has coordinated with training and consultancy authorities in various fields.

### **PERFORMANCE APPRAISAL**

The performance of the Board of Directors and the Executive Management is appraised first, and second, individually for each member separately by means of key performance indicators (KPI).

### **CREATING INSTITUTIONAL VALUES**

At the beginning of every year, the Company identifies the values that it will seek to enhance on the short, medium and long terms by laying down such mechanisms and procedures that would achieve the Company's strategic objectives. Furthermore, the Company continuously develops its internal integrated reporting systems thereby re-affirming its ongoing focus on creating institutional values for all its employees in order to motivate them to strive to achieve financial prosperity for their Company.

## SOCIAL RESPONSIBILITY

### SOCIAL RESPONSIBILITY POLICY

Tamdeen Real Estate Company is committed to a positive and active role within Kuwaiti society, in recognition of the importance of the private sector's role and its responsibility towards the state of Kuwait public benefits and the company is willing to achieve the balance between its goals and the society's goals of the nation through the Social Responsibility Policy that has been developed to ensure that the company contributes to the sustainable development of the society, in general, and for the company staff, in particular.

### BRIEF ON THE ADOPTED PROGRAMS AND MECHANISMS

The company is a keen contributor and initiator of various social responsibility activities, especially programs and campaigns that directly address children and youth. The company aims to foster and support the abilities and talents of Kuwait's future generations, encourage the youth to adopt a culture of voluntarism and provide them with training opportunities in relevant specialized fields. Tamdeen Real Estate Company's CSR efforts stimulate innovation, as well as supporting educational, sports, artistic and cultural activities.

#### SPONSORSHIP

##### DAR AL ATHAR AL ISLAMIYYAH - DAI

A cultural organization that includes a rare collection of Islamic art diversified in place and time, in addition to private items that owned by the late Sheikh /Nasser Sabah Al-Ahmad Al-Sabah, "founder of Al-Sabah Archaeological Group and his preserved wife. Sheikha /Hessa Sabah Al-Salem Al-Sabah manages (Al Dar) that affiliated to the Ministry of Information to make Al Dar as a global cultural site in the State of Kuwait.

##### PRIDE OF THE ARABS

Tamdeen Real Estate Company is keen to support cultural and heritage events that help strengthen Arab identity. One of its most prominent initiatives is sponsoring the "Pride of the Arabs" competition for the beauty of purebred Arabian horses, which is considered one of the most important contests celebrating the deep Arab heritage in horse breeding. These events also highlight the State of Kuwait's interest in the heritage and culture of horse breeding, which is regarded as an important cultural and sporting event, and this Arab culture and heritage receive support from owners and breeders, enhancing the presence of Kuwaiti society at both regional and international levels.

#### PARTNERSHIPS

##### LOYAC

Tamdeen Real Estate Company continues the annual support of public organizations through its partnership with LOYAC, a non-profit organization that works towards the overall development of Kuwaiti youth. LOYAC's programs help young people develop their talents and abilities to achieve their potential by providing them with training opportunities in vital areas within the labor market.

LOYAC targets young people aged between 5 and 30 years through educational, training and volunteer programs. It also propels the youth to take initiatives, innovate and find solutions to social challenges.

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS

OF TAMDEEN REAL ESTATE COMPANY –  
K.P.S.C. - KUWAIT

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

We have audited the consolidated financial statements of Tamdeen Real Estate Company – Kuwaiti Public Shareholding Company (the “Parent Company”) and its subsidiaries (collectively the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

### VALUATION OF INVESTMENT PROPERTIES

The total carrying value of the investment properties are significant to the Group's consolidated financial statements and are carried at fair value. Management determines the fair value of the investment properties on a periodic basis using external appraisers to support the valuation.

Investment properties are valued using mark to market approach which is based on the latest sale prices of properties within similar areas for

# INDEPENDENT AUDITOR'S REPORT

## 31 DECEMBER 2025

certain investment properties, and income capitalization approach which is based on estimates and assumptions such as rental values, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions for certain other properties. Also, the disclosures relating to the assumptions are relevant, given the estimation uncertainty and sensitivity of the valuations.

Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we identified this as a key audit matter. The Group's disclosures about its investment properties are included in Notes 4.13, 14 and 27.3 to the consolidated financial statement

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

### **IMPAIRMENT OF INVESTMENTS IN ASSOCIATES**

The Group's investments in associates represent significant part of the total assets and are accounted for under the equity method of accounting and considered for impairment in case of any indications of impairment. Significant management judgment and number of assumptions are required in the assessment of impairment, including the determination of the recoverable value of the investment based on higher of fair value less costs to sell and its value-in-use, in case there is a significant or prolonged decline in value based on published price quotes. Further, the projected future cash flows and discount rates used by the Group in determining the investment's value in use are also subject to estimation uncertainty and sensitivity. Accordingly, we considered this as a key audit matter. Refer to Notes 4.5 and 15 for more information on investments in associates.

Our audit procedures included, among others, evaluating management's consideration of the impairment indicators of investment in associates. In evaluating such consideration, we assessed whether

any significant or prolonged decline in value exists, whether there are any significant adverse changes in the technological market, economic or legal environment in which the associate operates, or structural changes in the field of industry in which the investee company operates, or changes in the political or legal environment effecting the investees business, and also whether there are any changes in the investee's financial condition. We also reviewed management's assessment of the recoverable value of the investment including the reasonability of the cash flow projections and discount rates used in the value in use calculation for associates, where there was a significant or prolonged decline in value, and the appropriateness of the disclosures made in the consolidated financial statements.

### **OTHER INFORMATION INCLUDED IN THE GROUP'S 2025 ANNUAL REPORT**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

# INDEPENDENT AUDITOR'S REPORT

## 31 DECEMBER 2025

### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the

# INDEPENDENT AUDITOR'S REPORT

## 31 DECEMBER 2025

consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further

report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

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



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Sara A. Al-Aiban  
(Licence No. 288-A)  
of Grant Thornton – Al-Qatami, Al-Aiban &  
Partners

Kuwait  
17 March 2026

TAMDEEN REAL ESTATE COMPANY - KPSC AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENT  
OF PROFIT OR LOSS  
31 DECEMBER 2025

	NOTES	Year ended 31 Dec. 2025 KD'000	Year ended 31 Dec. 2024 KD'000
<b>Income</b>			
Operating revenue		27,582	25,662
Cost of revenue		(7,556)	(8,169)
<b>Gross profit</b>		<b>20,026</b>	17,493
Management and consultancy fees		1,081	1,012
Dividend income		5,480	4,917
Net income from associates	7	15,677	12,206
Gain on sale of trading properties	13	62	326
Change in fair value of investment properties	14	1,834	1,150
Interest income		482	890
Other income		1,286	1,245
		<u>45,928</u>	<u>39,239</u>
<b>Expenses and other charges</b>			
Staff costs		(3,136)	(3,459)
General, administrative & other expenses		(5,112)	(5,516)
Finance costs		(8,346)	(7,575)
		<u>(16,594)</u>	<u>(16,550)</u>
<b>Profit for the year before provisions for contribution to KFAS, provision for Zakat, provision for NLST and board of directors' remuneration</b>		<b>29,334</b>	22,689
Provision for KFAS, NLST and Zakat	8	(1,045)	(796)
Directors' remuneration	22	(35)	(35)
<b>Profit for the year</b>		<u><b>28,254</b></u>	<u>21,858</u>
<b>Profit for the year attributable to:</b>			
Owners of the Parent Company		20,357	15,450
Non-controlling interests		7,897	6,408
<b>Profit for the year</b>		<u><b>28,254</b></u>	<u>21,858</u>
<b>Basic and diluted earnings per share attributable to the owners of the Parent Company</b>	9	<u><b>50.7 Fils</b></u>	<u>38.5 Fils</u>

The notes set out on pages 36 to 78 form an integral part of these consolidated financial statements.

TAMDEEN REAL ESTATE COMPANY - KPSC AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
31 DECEMBER 2025

	<b>Year ended 31 Dec. 2025 KD'000</b>	Year ended 31 Dec. 2024 KD'000
<b>Profit for the year</b>	<b>28,254</b>	21,858
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to consolidated statement of profit or loss:</b>		
Share of other comprehensive income of associates	(12)	20
<b>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</b>		
Net change in fair value of investments at FVTOCI	28,384	20,983
Share of other comprehensive income of associates	2,021	1,582
<b>Total other comprehensive income for the year</b>	<b>30,393</b>	22,585
<b>Total comprehensive income for the year</b>	<b>58,647</b>	44,443
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent Company	38,225	34,583
Non-controlling interests	20,422	9,860
<b>Total comprehensive income for the year</b>	<b>58,647</b>	44,443

The notes set out on pages 36 to 78 form an integral part of these consolidated financial statements.

TAMDEEN REAL ESTATE COMPANY - KPSC AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION  
31 DECEMBER 2025

	NOTES	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000
<b>Assets</b>			
Cash and cash equivalents	10	25,791	16,244
Accounts receivable and other assets	11	8,051	5,146
Financial assets at fair value through other comprehensive income	12	201,212	170,821
Trading properties	13	23,518	24,514
Investment properties	14	221,430	188,000
Investments in associates	15	179,477	167,793
Intangible assets		905	1,866
Other assets		5,035	5,648
<b>Total assets</b>		<b>665,419</b>	<b>580,032</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	16	6,826	9,374
Term loans	17	174,000	141,191
Accounts payable and other liabilities	18	15,171	15,896
Refundable rental deposits		6,577	6,578
Provision for employees' end of service benefits		2,333	2,171
<b>Total liabilities</b>		<b>204,907</b>	<b>175,210</b>
<b>Equity</b>			
Share capital	19	43,193	43,193
Share premium	19	11,132	11,132
Treasury shares	20	(11,981)	(11,981)
Treasury shares reserve		756	756
Statutory reserve	21	21,583	19,505
Voluntary reserve	21	22,981	20,903
Foreign currency translation reserve		394	404
Cumulative changes in fair value		149,125	131,247
Retained earnings		51,190	42,216
<b>Equity attributable to the owners of the Parent Company</b>		<b>288,373</b>	<b>257,375</b>
Non-controlling interests		172,139	147,447
<b>Total equity</b>		<b>460,512</b>	<b>404,822</b>
<b>Total liabilities and equity</b>		<b>665,419</b>	<b>580,032</b>

Mohamed Abdulhamid Mohamed AlMarzook  
Chairman

Abdulaziz Abdullah Ali Al Ghanim  
Vice Chairman

The notes set out on pages 36 to 78 form an integral part of these consolidated financial statements.

2025



TAMDEEN REAL ESTATE COMPANY - KPSC AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY  
31 DECEMBER 2025

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Treasury shares reserve KD'000	Statutory reserve KD'000	Voluntary reserve KD'000	Foreign currency translation reserve KD'000	Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub-total KD'000	Non-controlling interests KD'000	Total KD'000
<b>Balance as at 1 January 2025</b>	43,193	11,132	(11,981)	756	19,505	20,903	404	131,247	42,216	257,375	147,447	404,822
Cash dividends (note 22)	-	-	-	-	-	-	-	-	(7,227)	(7,227)	-	(7,227)
Cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,230)	(4,230)
Arising from participation in the capital increase of a subsidiary (note 6.1)	-	-	-	-	-	-	-	-	-	-	8,500	8,500
Total transactions with the owners	-	-	-	-	-	-	-	-	(7,227)	(7,227)	4,270	(2,957)
Profit for the year	-	-	-	-	-	-	-	-	20,357	20,357	7,897	28,254
Other comprehensive income for the year	-	-	-	-	-	-	(10)	17,878	-	17,868	12,525	30,393
Total comprehensive income for the year	-	-	-	-	-	-	(10)	17,878	20,357	38,225	20,422	58,647
Transferred to reserves	-	-	-	-	2,078	2,078	-	-	(4,156)	-	-	-
<b>Balance as at 31 December 2025</b>	43,193	11,132	(11,981)	756	21,583	22,981	394	149,125	51,190	288,373	172,139	460,512

The notes set out on pages 36 to 78 form an integral part of these consolidated financial statements.

TAMDEEN REAL ESTATE COMPANY - KPSC AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY (CONTINUED)  
31 DECEMBER 2025

**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY**

	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Treasury shares reserve KD'000	Statutory reserve KD'000	Voluntary reserve KD'000	Foreign currency translation reserve KD'000	Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub-total KD'000	Non-controlling interests KD'000	Total KD'000
<b>Balance as at 1 January 2024</b>	<b>43,193</b>	<b>11,132</b>	<b>(11,981)</b>	<b>756</b>	<b>17,931</b>	<b>19,329</b>	<b>390</b>	<b>112,128</b>	<b>37,141</b>	<b>230,019</b>	<b>147,698</b>	<b>377,717</b>
Cash dividends (note 22)	-	-	-	-	-	-	-	-	(7,227)	(7,227)	-	(7,227)
Cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,422)	(4,422)
Capital reduction of a subsidiary	-	-	-	-	-	-	-	-	-	-	(5,689)	(5,689)
<b>Total transactions with the owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,227)</b>	<b>(7,227)</b>	<b>(10,111)</b>	<b>(17,338)</b>
Profit for the year	-	-	-	-	-	-	-	-	15,450	15,450	6,408	21,858
Other comprehensive income for the year	-	-	-	-	-	-	14	19,119	-	19,133	3,452	22,585
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>19,119</b>	<b>15,450</b>	<b>34,583</b>	<b>9,860</b>	<b>44,443</b>
Transferred to reserves	-	-	-	-	1,574	1,574	-	-	(3,148)	-	-	-
<b>Balance as at 31 December 2024</b>	<b>43,193</b>	<b>11,132</b>	<b>(11,981)</b>	<b>756</b>	<b>19,505</b>	<b>20,903</b>	<b>404</b>	<b>131,247</b>	<b>42,216</b>	<b>257,375</b>	<b>147,447</b>	<b>404,822</b>

The notes set out on pages 36 to 78 form an integral part of these consolidated financial statements.

TAMDEEN REAL ESTATE COMPANY - KPSC AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENT  
OF CASH FLOWS  
31 DECEMBER 2025

	NOTES	<b>Year ended 31 Dec. 2025 KD'000</b>	Year ended 31 Dec. 2024 KD'000
<b>OPERATING ACTIVITIES</b>			
Profit for the year before provisions for KFAS, Zakat, NLST and directors' remuneration		<b>29,334</b>	22,689
<b>Adjustments:</b>			
Depreciation and amortisation		<b>1,926</b>	1,773
Provision for employees' end of service benefits		<b>250</b>	306
Dividend income		<b>(5,480)</b>	(5,384)
Interest income		<b>(482)</b>	(890)
Net income from associates	7	<b>(15,677)</b>	(12,206)
ECL provisions - net	11	<b>(20)</b>	(137)
Gain on sale of trading properties	13	<b>(62)</b>	(326)
Change in fair value of investment properties	14	<b>(1,834)</b>	(1,150)
Reversal of provision for doubtful debts		<b>-</b>	(200)
Finance costs		<b>8,346</b>	7,575
		<b>16,301</b>	12,050
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable and other assets		<b>(3,231)</b>	(871)
Accounts payable and other liabilities		<b>(862)</b>	(5,055)
Refundable rental deposits		<b>(1)</b>	(973)
Employees' end of service benefits paid		<b>(88)</b>	(123)
Zakat and NLST paid		<b>(739)</b>	(272)
Board of directors' remuneration paid		<b>(35)</b>	(35)
<b>Net cash from operating activities</b>		<b>11,345</b>	4,721

The notes set out on pages 36 to 78 form an integral part of these consolidated financial statements.

TAMDEEN REAL ESTATE COMPANY - KPSC AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENT OF  
CASH FLOWS (CONTINUED)  
31 DECEMBER 2025

	NOTES	Year ended 31 Dec. 2025 KD'000	Year ended 31 Dec. 2024 KD'000
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of financial assets at FVTOCI		2,691	15,611
Change in non-controlling interests arising from the capital increase/ (decrease) of a subsidiary		8,500	(5,689)
Additions to trading properties	13	(86)	(18,339)
Additions to investment properties	14	(31,596)	(209)
Paid to purchase of investment in associates	15	-	(979)
Additions to other assets and intangible assets		(353)	(497)
Dividend income received		5,480	5,384
Dividend income received from associates	15	6,104	6,018
Paid to purchase of financial assets at FVTOCI		(4,697)	(22)
Proceeds from sale of trading properties		1,533	5,114
Interest income received		439	892
Change in term deposits with original maturing exceeding three months		(2,000)	(3,000)
<b>Net cash (used in) / from investing activities</b>		<b>(13,985)</b>	<b>4,284</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid to shareholders		(7,263)	(7,793)
Dividends paid to non-controlling interests		(4,230)	(4,422)
Change in due to banks		(2,548)	2,384
Change in term loans		32,809	(5,268)
Finance costs paid		(8,581)	(8,100)
<b>Net cash from / (used in) financing activities</b>		<b>10,187</b>	<b>(23,199)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>7,547</b>	<b>(14,194)</b>
Cash and cash equivalents at the beginning of the year	10	13,169	27,363
<b>Cash and cash equivalents at the end of the year</b>	10	<b>20,716</b>	<b>13,169</b>

The notes set out on pages 36 to 78 form an integral part of these consolidated financial statements.

2025



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 1- INCORPORATION AND ACTIVITIES OF THE PARENT COMPANY

TAMDEEN REAL ESTATE COMPANY – KPSC (THE “PARENT COMPANY”) WAS INCORPORATED IN KUWAIT ON 16 DECEMBER 1982 IN ACCORDANCE WITH THE COMPANIES LAW. THE PARENT COMPANY’S SHARES ARE LISTED ON BOURSA KUWAIT.

THE GROUP COMPRISES THE PARENT COMPANY AND ITS SUBSIDIARIES (TOGETHER REFERRED TO AS “THE GROUP”). THE DETAILS OF THE SUBSIDIARIES ARE DESCRIBED IN NOTE 6.

### THE PRINCIPAL ACTIVITIES OF THE PARENT COMPANY ARE AS FOLLOWS:

- Sale and purchase of land and properties
- Sale and purchase of resorts
- Construction of buildings
- Resorts
- Manage and lease owned or leased properties
- Manage and lease owned or leased properties (residential)
- Project management
- Manage and lease owned or leased properties (non-residential)
- Hotel apartment management and operation
- Hotel management and operation.
- Owning properties and movables for the Company
- Third-party property management
- Manage and develop land and properties
- Property booking
- Design, build, operate, maintain, and transfer projects under PPP system
- Trade exhibition organisation and management
- Exhibition and conference organisation
- Hotel
- Hotel apartments
- Rest areas
- Multipurpose Hall (Wedding Hall - Conferences - Exhibitions)
- Restaurant
- Restaurant management
- Cafe
- Property Consultants
- Building maintenance services
- Off-premises auctions
- Parks
- Recreational parks, beaches, and coasts
- Operation of recreational exhibitions and markets
- Tourism facility management
- Sports facility management and operation, and provision of all necessary services thereof
- Healthcare institute management
- Establishing companies or participating therein with other parties to carry out the Company’s activities
- Buying and selling shares and bonds for the Company
- Utilising financial surplus in financial portfolios through investment in financial portfolios managed by specialised companies and authorities

THE ADDRESS OF THE PARENT COMPANY’S REGISTERED OFFICE IS ZAHRAA - BLOCK 7 - 360 COMPLEX - 4TH FLOOR, P.O. BOX 21816, SAFAT 13079, STATE OF KUWAIT.

THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 WERE AUTHORISED FOR ISSUE BY THE PARENT COMPANY’S BOARD OF DIRECTORS ON 17 MARCH 2026. THE GENERAL ASSEMBLY OF THE PARENT COMPANY’S SHAREHOLDERS HAS THE POWER TO AMEND THESE CONSOLIDATED FINANCIAL STATEMENTS AFTER ISSUANCE.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 2- STATEMENT OF COMPLIANCE

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

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

## 3- CHANGES IN ACCOUNTING POLICIES

### 3-1 NEW AND AMENDED IFRS ACCOUNTING STANDARDS ADOPTED BY THE GROUP

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

<b>STANDARD OR INTERPRETATION</b>	<b>EFFECTIVE FOR ANNUAL PERIODS BEGINNING</b>
IAS 21 Amendments – Lack of exchangeability	1 January 2025

#### IAS 21 AMENDMENTS – LACK OF EXCHANGEABILITY

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

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

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

### 3-2 IASB STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

<b>STANDARD OR INTERPRETATION</b>	<b>EFFECTIVE FOR ANNUAL PERIODS BEGINNING</b>	
IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments	1 January 2026	contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027	
Annual Improvements to IFRS Accounting Standards – volume 11	1 January 2026	

## IFRS 9 AND IFRS 7 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS - AMENDMENTS

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

- Derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b)

## IFRS 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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

## IFRS 19 SUBSIDIARIES WITHOUT PUBLIC ACCOUNTABILITY: DISCLOSURES

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

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

## ANNUAL IMPROVEMENTS TO IFRS ACCOUNTING STANDARDS – VOLUME 11

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

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

## 4- MATERIAL ACCOUNTING POLICY INFORMATION

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

### 4-1 BASIS OF PREPARATION

The consolidated financial statements have been prepared under historical cost convention except for financial assets at fair value through other comprehensive income and investment properties that are measured at fair value. The consolidated financial statements have been presented in Kuwait Dinar ("KD"), which is the Parent Company's functional and presentation currency. All amounts are rounded to the nearest thousand (KD '000), except when otherwise indicated.

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

### 4-2 BASIS OF CONSOLIDATION

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

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

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

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

total comprehensive income or loss of subsidiaries between the owners of the Parent Company and the non-controlling interests based on their respective ownership interests.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

However, changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.

## 4-3 BUSINESS COMBINATIONS

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

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

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of

whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

## 4-4 GOODWILL

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 4-5 INVESTMENT IN ASSOCIATES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 Group's investment in associates is accounted for under the equity method of accounting, i.e. on the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment and the consolidated statement of profit or loss reflects the Group's share of the results of operations of associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.

Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's equity. Changes in the Group's share in associate's equity are recognised immediately in the consolidated statement of changes in equity.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment in associates is performed when there is an indication that the asset has

been impaired, or that impairment losses recognised in prior years no longer exist.

The associate's financial statements are prepared either to the Parent Company's reporting date or to a date not earlier than three months of the Parent Company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the Parent Company's reporting date.

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

However, when the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

## 4-6 SEGMENT REPORTING

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

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

## 4-7 REVENUE RECOGNITION

The Group recognises revenue from the following major sources:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

- Rendering of services
- Revenue from sale of properties
- Rental income and other services income from investment properties
- Providing hotel services
- Interest and similar income
- Dividends income

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

The Group follows a 5-step process:

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

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

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

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

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, if any, in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

## 4-7-1 Rental income

Rental income from investment properties is recognised as stated in note 4.10.

## 4-7-2 Services income

The Group earns revenue from maintenance, advertising and other services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

## 4-7-3 Management and consultancy fees

The Group earns fees and commission income from a variety of asset management, investment banking, custody, consultancy and brokerage services provided to its customers. Fees and commission income are recognised over the period of the service.

## 4-7-4 Revenue from sale of trading properties

The Group develops and sells residential apartments, which is part of a residential complex located in Kuwait. Revenue on sale of these properties is recognised when control over the property has been transferred to the customer. Management believes that the enforceable right of payment with regard to this project does not arise until legal title of the property is passed to the customer / legal notice is served to the customer to take possession of the property. Therefore, revenue is recognised at a point in time when either the legal title is passed to the customer, or when legal notice is served to the customer to take possession of the property or when the property is handed over to the customer.

The Group also renders hotel services and revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed. Room revenue is recognised on the rooms occupied on a daily basis. Revenue on food, beverage and other related sales are accounted for at the time of sale.

## 4-7-6 Interest income

Interest income and expenses are reported on an accrual basis using the effective interest rate method.

## 4-7-7 Dividend income

Dividend income are recognised at the time the right to receive payment is established.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 4-8 OPERATING EXPENSES

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

## 4-9 BORROWING COSTS

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

## 4-10 LEASES

### *The Group as a lessee*

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

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

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

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

### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position measured as follows:

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

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

Subsequent to initial measurement, the Group depreciates the right-of-use assets (which are not classified as investment properties) on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

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

#### *Lease liability*

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## *The Group as a lessor*

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

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

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

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

## **4-11 PROPERTY AND EQUIPMENT**

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

## **4-12 INTANGIBLE ASSETS**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the consolidated statement of profit or loss.

## **4-13 INVESTMENT PROPERTIES**

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers and are included in the consolidated statement of financial position. Changes in fair value are taken to the consolidated statement of profit or loss.

Investment properties are de-recognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

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, plant and equipment up to the date of change in use.

## **4-14 TRADING PROPERTIES**

Trading properties are stated at the lower of cost or net realisable value. Costs are those expenses incurred in bringing each property to its present condition including identifiable finance costs. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 4-15 IMPAIRMENT TESTING OF GOODWILL AND NON-FINANCIAL ASSETS

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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

## 4-16 FINANCIAL INSTRUMENTS

### 4-16-1 Recognition, initial measurement and derecognition

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

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

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

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

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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## 4-16-2 Classification of financial assets

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

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

### The classification is determined by both:

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. In the period presented no such designation has been made.

## 4-16-3 Subsequent measurement of financial assets

### **Financial assets at amortised cost**

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

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

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

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

### • **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, balances with banks and other financial institutions and short-term deposits, which are subject to an insignificant risk of changes in value.

### • **Accounts receivable and other financial assets**

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

### **Financial assets at FVTOCI**

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

- Investment in equity shares: These represent investments in equity shares of various companies and include both quoted and unquoted.

### **Equity instruments at FVTOCI**

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

A financial asset is held for trading if:

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

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

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Subsequently these assets are measured at fair value. Dividend on these investments in equity instruments are recognised in the consolidated statement of profit or loss. All other gains and losses are recognised in other comprehensive income (accumulated fair value reserve) and are never reclassified to profit or loss. Transfers of realised gains on disposal within components of equity (to retained earnings) are done based on management discretion.

## **Financial assets at FVTPL**

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

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

The Group does not hold any financial assets at FVTPL as of the reporting date.

## **4-16-4 Impairment of financial assets**

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

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

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

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

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

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

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

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

## 4-16-5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include terms loans, due to banks, accounts payable and other credit balances.

The subsequent measurement of financial liabilities depends on their classification as follows (the Group does not have any financial liabilities classified as at fair value through profit or loss):

- **Financial liabilities at amortised cost**

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities at amortised cost into the following categories:

- **Terms loans and due to banks**

Term loans and due to banks are carried on the date of the consolidated statement of financial position at their principal amounts. Interest is charged as an expense as it accrues, with unpaid interest included in the creditors' balances. All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- **Murabaha finance payables**

Murabaha finance payables represent amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha finance payables are stated at the gross amount of the payable, net of deferred finance cost. Deferred finance cost is expensed on a time

apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

- **Refundable rental deposits**

The refundable rental deposits represent amounts received from tenants in accordance to the signed rental contracts and will be refunded upon expiry of such contracts.

- **Accounts payable and other financial liabilities**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "Other financial liabilities".

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss, are included within finance costs or finance income.

## 4.17 AMORTISED COST OF FINANCIAL INSTRUMENTS

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

## 4-18 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount 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, or to realise the assets and settle the liabilities simultaneously.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 4-19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 29.

## 4-20 EQUITY, RESERVES AND DIVIDEND PAYMENTS

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

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

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

### *Other components of equity include the following:*

- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD
- Cumulative changes in fair value – comprises gains and losses relating to FVTOCI investment and fair value reserve of the associates' share.

Retained earnings include all current and prior period retained profits. All transactions with owners of the Parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general assembly meeting.

## 4-21 TREASURY SHARES

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "sale of treasury shares reserve"), which is not 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 to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

## 4-22 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

In certain instances, the Group is required to perform maintenance and restore properties to agreed specifications. Provisions for such cost are recognised based on terms of the contracts.

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

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

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## 4-23 FOREIGN CURRENCY TRANSLATION

### 4-23-1 Functional and presentation currency

The consolidated financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the parent company.

### 4-23-2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Parent Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary assets classified at "FVPL" is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and "financial assets at FVTOCI" are reported as part of the cumulative change in fair value within other comprehensive income.

### 4-23-3 Foreign operations

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

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period.

Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

## 4-24 EMPLOYEES' 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.

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. The Parent Company's obligations are limited to these contributions, which are expensed when due.

## 4-25 RELATED PARTY TRANSACTIONS

Related parties are major shareholders, associates, directors, executive officers, their close family members and companies of which they are principal owners. All related party transactions are approved by management.

## 4-26 TAXATION

### 4-26-1 National Labor Support Tax (NLST)

NLST is calculated 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.

### 4-26-2 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 revenues from the associates and subsidiaries, board of directors' remuneration and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

### 4-26-3 Zakat

Contribution to Zakat is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with Law No. (46) of 2006 and the Ministry of Finance resolution No. 58/2007.

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## 4-27 FIDUCIARY ASSETS

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

## 5- SIGNIFICANT MANAGEMENT JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

### 5-1 SIGNIFICANT MANAGEMENT JUDGMENTS

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

#### 5-1-1 Business model assessment

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

#### 5-1-2 Control assessment

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

#### 5-1-3 Revenue recognition

Revenue is measured based on the consideration which the Group expects to be entitled in a contract and is recognised when it transfers control of a product or service to a customer. The determination of whether the revenue recognition criteria as specified under IFRS 15 and in the revenue recognition accounting policy explained in note 4.7 are met requires significant judgement.

#### 5-1-4 Classification of real estate

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

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

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

#### 5-1-5 Significant increase in credit risk

Estimated credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL

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

## 5-1-6 Significant influence

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

## 5-2 ESTIMATES UNCERTAINTY

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

### 5-2-1 Fair value of financial instruments

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

### 5-2-2 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The calculation of which

includes historical data, assumptions and expectations of future conditions. The Group based these estimates using reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

### 5-2-3 Impairment of associates

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

### 5-2-4 Revaluation of investment properties

The Group carries its investment properties at fair value. Changes in fair value are recognised in the consolidated statement of profit or loss. Fair values are estimated by independent valuers who have used valuation techniques. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### 5-2-5 Impairment of trading properties

trading properties are held at the lower of cost or net realisable value. An estimate is made of their net realisable value on an individual basis.

Management estimates the net realisable values of these properties, taking into account the most reliable evidence available at each reporting date. The future realisation of these properties may be affected by market-driven changes that may reduce future selling prices.

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## 6- SUBSIDIARIES

Set out below are the details of the material subsidiaries held directly by the Group:

SUBSIDIARIES	Proportion of ownership interests held by the Group		Country of incorporation and principal place of operations	Principal activity
	31 Dec. 2025 %	31 Dec. 2024 %		
Tamdeen Investment Co. - KPSC	57.70	57.70	Kuwait	Investment
Manshar Real Estate Co. - KSCC	100	100	Kuwait	Real estate
Tamdeen International Hotels Co. - KSCC (note 6.1)	84.55	-	Kuwait	Real estate project

**6-1** During the year, one of the Group's subsidiaries, Tamdeen Investment Co. - KPSC, incorporated a new wholly owned subsidiary, Tamdeen International Hotels Co. - KSCC, with a share capital of KD20,000 thousand. Subsequently, the Group and certain related parties subscribed to a cash capital increase amounting to KD35,000 thousand, resulting in an increase in the new subsidiary's share capital to KD55,000 thousand. Following the participation of those related parties in the capital increase, the Group's ownership interest in the new subsidiary decreased from 100% to 84.55%. This transaction did not result in the recognition of any gain or loss.

However, the Group continues to classify this investment as an investment in a subsidiary, as management determined that the Group retained control over the new subsidiary.

## 6-2 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

	Proportion of ownership interests and voting rights held by the NCI		Profit allocated to NCI		Accumulated NCI	
	31 Dec. 2025	31 Dec. 2024	Year ended 31 Dec. 2025 KD'000	Year ended 31 Dec. 2024 KD'000	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000
Tamdeen Investment Company - KPSC*	42.30%	42.30%	7,846	6,408	163,588	147,447

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Summarised financial information for Tamdeen Investment Company - KPSC, before intragroup eliminations, is set out below:

	<b>31 Dec. 2025</b> <b>KD'000</b>	31 Dec. 2024 KD'000
Total assets	<b>417,035</b>	349,975
Total liabilities	<b>(35,415)</b>	(6,399)
Equity attributable to the owners of the Parent Company	<b>370,803</b>	332,870
Non-controlling interests	<b>10,817</b>	10,706
Net assets	<b>381,620</b>	343,576
	<b>Year ended</b> <b>31 Dec. 2025</b> <b>KD'000</b>	Year ended 31 Dec. 2024 KD'000
Revenue	<b>21,997</b>	16,835
<b>Profit for the year attributable to:</b>		
Owners of the Parent Company	<b>16,521</b>	13,512
Non-controlling interests	<b>96</b>	(10)
Profit for the year	<b>16,617</b>	13,502
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent Company	<b>47,932</b>	34,707
Non-controlling interests	<b>96</b>	(10)
Total comprehensive income for the year	<b>48,028</b>	34,697
Net cash flows used in operating activities	<b>(576)</b>	(1,432)
Net cash flows (used in) / from investing activities	<b>(14,953)</b>	25,258
Net cash flows from / (used in) financing activities	<b>18,786</b>	(34,650)
Net cash flows	<b>3,257</b>	(10,824)

## 7- NET INCOME FROM ASSOCIATES

	<b>Year ended</b> <b>31 Dec. 2025</b> <b>KD'000</b>	Year ended 31 Dec. 2024 KD'000
Share of results of associates (note 15)	<b>16,428</b>	13,347
Impairment of investment in associates (note 15)	<b>(751)</b>	-
Loss as from associate swap transaction	-	(2,245)
Gain on bargain purchase of additional interest in an associate	-	1,104
	<b>15,677</b>	12,206

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 8- PROVISIONS FOR CONTRIBUTION TO KFAS, ZAKAT AND NLST

The provisions charged to the consolidated statement of profit or loss for contribution to Kuwait Foundation for Advancement of Sciences (KFAS), Zakat and National Labour Support Tax (NLST) of the Parent Company and subsidiaries are as follows:

	Year ended 31 December 2025			Year ended 31 December 2024		
	Parent Company KD'000	Subsidiaries KD'000	Total KD'000	Parent Company KD'000	Subsidiaries KD'000	Total KD'000
Provision for contribution to KFAS	-	100	100	-	82	82
Provision for Zakat	49	189	238	16	161	177
Provision for NLST	336	371	707	247	290	537
	<u>385</u>	<u>660</u>	<u>1,045</u>	<u>263</u>	<u>533</u>	<u>796</u>

## 9- BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by the weighted average number of the outstanding shares during the year excluding the treasury shares as follows:

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
Profit for the year attributable to the owners of the Parent Company (KD'000)	<u>20,357</u>	<u>15,450</u>
Weighted average number of the outstanding shares (excluding treasury shares) (thousand shares)	<u>401,498</u>	<u>401,498</u>
<b>Basic and diluted earnings per share attributable to owners of the Parent Company</b>	<u><b>50.7 Fils</b></u>	<u>38.5 Fils</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 10- CASH AND CASH EQUIVALENTS

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Cash on hand, bank balances and portfolios	<b>12,817</b>	12,469
Term deposits	<b>12,974</b>	3,775
<b>Cash and cash equivalents as per consolidated statement of financial position</b>	<b>25,791</b>	16,244
Less: term deposits with contractual maturity exceeding three months	<b>(5,075)</b>	(3,075)
<b>Cash and cash equivalent for the purpose of consolidated statement of cash flows</b>	<b>20,716</b>	13,169

Term deposits carry effective interest rate ranging from 2.8% to 4.35% (31 December 2024: 3% to 5.49%).

## 11- ACCOUNTS RECEIVABLE AND OTHER ASSETS

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
<b>Financial assets</b>		
Trade receivables	<b>2,080</b>	2,034
Due from sale of properties held for trading (note 11.1)	<b>832</b>	1,420
Due from related parties (note 24)	<b>55</b>	54
Accrued income	<b>42</b>	59
Staff Receivable	<b>521</b>	469
Other debit balances	<b>1,393</b>	1,380
	<b>4,923</b>	5,416
Provision for estimated credit losses (ECL)	<b>(657)</b>	(677)
	<b>4,266</b>	4,739
<b>Non-financial assets</b>		
Advance payments	<b>3,291</b>	187
Prepaid expenses	<b>494</b>	220
	<b>3,785</b>	407
	<b>8,051</b>	5,146

**11-1** The balance due from the sale of properties held for trading mainly represents amounts receivable from sale transactions previously made by the Group in connection with the sale of several real estate plots that were held and invested by the Group for trading purposes. Management has assessed the recoverability of these receivables and concluded that the credit risk is low, as the counterparties involved are reputable and have no history of default.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 11- ACCOUNTS RECEIVABLE AND OTHER ASSETS (CONTINUED)

**11-2** The movement in the ECL allowance is as follows:

	<b>31 Dec. 2025</b> <b>KD'000</b>	31 Dec. 2024 KD'000
Balance as at 1 January	<b>677</b>	814
ECL allowance reversed during the year	<b>(20)</b>	(137)
<b>Balance at end of the year</b>	<b>657</b>	677

## 12- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>31 Dec. 2025</b> <b>KD'000</b>	31 Dec. 2024 KD'000
Participations in local companies shares	<b>200,825</b>	170,434
Participations in capital of companies located outside Kuwait	<b>387</b>	387
	<b>201,212</b>	170,821

- The cumulative gain related to disposed investments, during the current year and prior years, which carried in cumulative changes in fair value amounted to KD119,143 thousand as of 31 December 2025 (31 December 2024: KD118,805 thousand).
- Financial assets at fair value through other comprehensive income with an aggregate carrying value of KD5,265 thousand (31 December 2024: Nil) are pledged against certain borrowings (note 17).
- The hierarchy for determining and disclosing the fair values of financial instruments is presented in note 27.2.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 13- TRADING PROPERTIES

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Balance at beginning of the year	<b>24,514</b>	10,713
Additions	<b>86</b>	18,339
Disposals (note 13.1)	<b>(1,082)</b>	(4,538)
<b>Balance at end of the year</b>	<b><u>23,518</u></b>	<u>24,514</u>

**13-1** During the year, certain trading properties have been sold resulted into a gain of KD62 thousand (2024: KD326 thousand) recognised in the consolidated statement of profit and loss.

## 14- INVESTMENT PROPERTIES

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Balance at beginning of the year	<b>188,000</b>	186,641
Additions (note 14.1)	<b>31,596</b>	209
Change in fair value during the year	<b>1,834</b>	1,150
<b>Balance at end of the year</b>	<b><u>221,430</u></b>	<u>188,000</u>

**14-1** Additions with an amount of KD30,848 thousand represent plots of lands located in Kuwait purchased from a related party.

**14-2** The investment properties include a property Souq Al-Kout with a carrying value KD200 thousand, which is leased under an investment contract with the Ministry of Finance – Kuwait. The contract expired on 30 August 2025. However, during the year, the Ministry of Finance has instructed the Group to continue managing, operating and maintaining the property until an appropriate decision is issued by the State Property Committee regarding the leased property.

**14-3** Investment properties with a carrying amount of KD165,230 thousand (31 December 2024: KD163,680 thousand) are pledged against certain term loans (note 17).

**14-4** The measurement basis of fair value of the investment properties is disclosed in note 27.3.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 15- INVESTMENTS IN ASSOCIATES

The details of the Group's material associates are as follows:

Name of the associate	Place of incorporation	Principal activity	Proportion of ownership interest held by the Group	
			31 Dec. 2025 %	31 Dec. 2024 %
Tamdeen Shopping Centers Co. - KSCC	Kuwait	Real estate	33	33
Kuwait National Cinema Co. - KPSC	Kuwait	Entertainment	48	48
Tamdeen Pearl Real Estate Co. – KSCC	Kuwait	Real estate	31	31
Other associates	Kuwait	-	-	-

**15-1** The movement in investments in associates is as follows:

	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000
Balance as at 1 January	167,793	158,008
Additions during the year	-	3,632
Share of results	16,428	13,347
Redemption/sale during the year	-	(2,452)
Share of other comprehensive income	2,111	1,276
Dividend distributions	(6,104)	(6,018)
Impairment losses – (note 15.2)	(751)	-
Balance at the end of the year	<u>179,477</u>	<u>167,793</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 15-2

At each reporting date, an assessment is performed to determine whether there is objective evidence that the associates may be impaired or whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Investments in associates are tested for impairment as a single asset by comparing their recoverable amount with their carrying value.

The recoverable value of investments in associates has been determined based on value-in-use calculations using cash flow projections derived from financial budgets, as follows:

	<u>2025</u>	<u>2024</u>
Financial budgets cover period (years)	<b>2026 - 2030</b>	2025 – 2029
Discount rate (weighted average cost of capital)	<b>12% - 12.6%</b>	12% - 12.5%
Terminal growth rate	<b>3%</b>	3%

The discount rate reflects the current market assessment of risks specific to associates.

Based on the impairment assessment performed by management, the Group recognised an impairment loss of KD751 thousand relating to one of the other associates during the current year, which has been recognised in the consolidated statement of profit or loss.

## 15-3

During the previous year, the Group acquired 24.9% and 34.3% of the capital of associates, CAF F Restaurant & Café Company and Watchamin Restaurant Company, respectively. The purchase price was allocated to the acquired assets and assumed liabilities using provisional values. During the current year, the Group finalised the fair value determination of the net acquired assets and assumed liabilities. This did not result in any adjustment to the provisional allocation of the purchase price. The Group's share in the fair value of the net acquired assets amounted to KD27 thousand as of the acquisition date, and the goodwill arising from the acquisition amounted to KD1,431 thousand. The fair value of the acquired assets and assumed liabilities was determined based on a study prepared by an external party.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 15- INVESTMENTS IN ASSOCIATES (CONTINUED)

**15-4** Summarised financial information in respect of the Group's material associates are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates, if any.

	Tamdeen Shopping Centres Company – KSCC		Kuwait National Cinema Company - K.P.S.C		Tamdeen Pearl Real Estate Company – KSCC	
	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000
<b>Summarised statement of financial position - 31 December</b>						
Total assets	542,626	565,358	255,080	247,762	232,930	231,791
Total liabilities	(312,026)	(351,182)	(135,600)	(141,649)	(136,401)	(136,080)
Non-controlling interest	(6,960)	(6,853)	(17)	(15)	(5,509)	(5,511)
Equity attributable to the owners of the associate	223,640	207,323	119,463	106,098	91,020	90,200
Group's ownership interest	33%	33%	48%	48%	31%	31%
Group's share of net assets of the associate	74,897	69,432	57,947	51,467	27,979	27,728
Adjustment	(2,577)	(2,577)	-	-	-	-
Goodwill	-	-	15,748	15,748	-	-
Carrying value of Group's ownership interest	72,320	66,855	73,695	67,215	27,979	27,728
Fair value of the Group's interest in the quoted associates	-	-	63,847	49,554	-	-
<b>Summarised statement of profit or loss – year ended 31 December</b>						
Revenue for the year	62,108	58,198	40,123	37,729	7,268	6,886
Profit for the year attributable to owners of the parent company	21,404	18,937	17,585	13,390	817	99
Total comprehensive income for the year attributable to owners of the parent company	23,817	20,087	16,989	11,253	817	99
Dividends received from the associate during the year	2,512	2,434	3,592	3,584	-	-
Group's share in results of the associate	7,168	6,342	8,524	6,485	252	32

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 15- INVESTMENTS IN ASSOCIATES (CONTINUED)

**15-5** Aggregate information of the associates that are not individually material to the Group:

	<b>31 Dec. 2025</b> <b>KD'000</b>	31 Dec. 2024 KD'000
The Group's share of results	<b>484</b>	488
Aggregate carrying value of Group's ownership interest	<b>5,483</b>	5,995

## 16- DUE TO BANKS

Due to banks represent the balances of the overdraft facilities and the Murabaha working capital facility which are granted to the Group by local banks to finance the working capital and the real estate activities. They are repayable on demand and carries interest rate at 1% (2024: 1%) per annum above the CBK discount rate.

## 17- TERM LOANS

	<b>31 Dec. 2025</b> <b>KD'000</b>	31 Dec. 2024 KD'000
Short-term loans	<b>108,500</b>	71,691
Long-term loans		
- Due within one year	<b>4,000</b>	4,000
- Due over one year	<b>61,500</b>	65,500
	<b>65,500</b>	69,500
	<b>174,000</b>	141,191

**17-1** Short-term loans are due within one year and are periodically renewed.

**17-2** The loans carry variable interest rates ranging from 0.5% to 1% (31 December 2024: 0.75% to 1%) above the CBK discount rate.

**17-3** Certain term loans are secured by the mortgage of investments at fair value through other comprehensive income and investment properties (notes 12 and 14).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 18- ACCOUNTS PAYABLE AND OTHER LIABILITIES

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Retentions against executed works	<b>278</b>	463
Rental received in advance	<b>1,087</b>	1,162
Accrued interest, leave and other expenses	<b>3,900</b>	4,045
Lease liabilities	<b>814</b>	1,032
Due to related parties	<b>16</b>	218
Dividends payable to shareholders	<b>371</b>	325
Advance payments received from customers	<b>129</b>	196
Accrued construction costs	<b>315</b>	418
Payable on acquisition of intangible assets	<b>734</b>	1,685
Provisions and other credit balances	<b>7,527</b>	6,352
	<b>15,171</b>	15,896

Lease liabilities maturity analysis is as follows:

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Lease liabilities due within one year	<b>221</b>	215
Lease liabilities due over one year	<b>593</b>	817
	<b>814</b>	1,032

## 19- SHARE CAPITAL AND SHARE PREMIUM

As at 31 December 2025, the authorized, issued and fully paid share capital in cash of the Parent Company is comprised of 431,933 thousand shares of 100 fils each (31 December 2024: 431,933 thousand shares of 100 fils each). The share premium is not available for distribution.

## 20- TREASURY SHARES

	<b>31 Dec. 2025</b>	31 Dec. 2024
Number of shares	<b>30,435,250</b>	30,435,250
Percentage of issued shares (%)	<b>7.04%</b>	7.04%
Market value (KD'000)	<b>13,209</b>	11,261
Cost (KD'000)	<b>11,981</b>	11,981

Reserves of the Parent Company equivalent to the cost of treasury shares have been earmarked as non-distributable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 21- RESERVES

### STATUTORY RESERVE

In accordance with the Companies Law and the Parent Company's Memorandum of Incorporation and Articles of Association, 10% of the profit attributable to the owners of the Parent Company before provision for contribution to KFAS, provision for Zakat, provision for NLST and board of directors' remuneration is transferred each year to the statutory reserve until such time that the balance of the statutory reserve account equals 50% of the balance of the paid-up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of dividends of 5% of paid-up share capital to be made in years when retained earnings are insufficient for the payment of dividends of that amount.

### VOLUNTARY RESERVE

In accordance with the Parent Company's Memorandum of Incorporation and Articles of Association, 10% of the profit attributable to the owners of the Parent Company before provision for contribution to KFAS, provision for Zakat, provision for NLST and board of directors' remuneration is transferred to the voluntary reserve, and this transfer could be ceased based on the decision of the Parent Company's board of directors. Transfers to the voluntary reserve are made in accordance with the recommendation of the Parent Company's board of directors to the general assembly.

No transfer is required in a year in which the Parent Company has incurred a loss or when cumulative losses exist.

The amounts transferred during the year to the statutory and voluntary reserves attributable to the Parent Company have been calculated as follows:

	<b>Year ended 31 Dec. 2025 KD'000</b>	Year ended 31 Dec. 2024 KD'000
Profit for the year	<b>28,254</b>	21,858
<b>LESS:</b>		
Profit attributable to non-controlling interests	<b>(7,897)</b>	(6,408)
Profit attributable to owners of the Parent Company	<b>20,357</b>	15,450
<b>ADD:</b>		
Board of directors' remuneration of the Parent Company	<b>35</b>	35
Provision for Zakat (note 8)	<b>49</b>	16
Provision for NLST of the Parent Company (note 8)	<b>336</b>	247
Profit attributable to owners of the Parent Company before provision for contribution to KFAS, Zakat, NLST and directors' remuneration	<b>20,777</b>	15,748
<b>Transferred to the statutory reserve (10%)</b>	<b>2,078</b>	1,574
<b>Transferred to voluntary reserve (10%)</b>	<b>2,078</b>	1,574

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 22- ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS AND DIVIDENDS

Subsequent to the date of the consolidated statement of financial position, the Parent Company's board of directors proposed to distribute cash dividends to the shareholders of 18% or equivalent to 18 fils per share for the year ended 31 December 2025. Furthermore, the board of directors have proposed directors' remuneration amounting to KD35 thousand for the year then ended. These proposals are subject to approval of the general assembly of shareholders and the regulatory authorities.

The general assembly of shareholders, held on 22 May 2025, approved the consolidated financial statements for the year ended 31 December 2024 and the board of directors' proposal to distribute cash dividends to the Parent Company's shareholders of 18 fils per share for the year ended 31 December 2024 (31 December 2023: 18 fils per share) as well as the board of directors' remuneration of KD35 thousand (31 December 2023: KD35 thousand).

## 23- SEGMENTAL ANALYSIS

The Group activities are concentrated in two main segments: Real Estate and Investment. The segments' results are reported to the top management in the Group. The segment results, profits, assets and liabilities are not measured based on the geographic locations, as most of the Group's assets and liabilities fall within the State of Kuwait.

The following is the segments information, which conforms with the internal reporting presented to management:

	<b>Real Estate KD'000</b>	<b>Investment KD'000</b>	<b>Total KD'000</b>
<b>Year ended 31 December 2025</b>			
Gross income	<b>30,346</b>	<b>23,138</b>	<b>53,484</b>
Profit for the year	<b>9,058</b>	<b>19,196</b>	<b>28,254</b>
Total assets	<b>274,121</b>	<b>391,298</b>	<b>665,419</b>
Total liabilities	<b>(165,417)</b>	<b>(39,490)</b>	<b>(204,907)</b>
<b>Net assets</b>	<b>108,704</b>	<b>351,808</b>	<b>460,512</b>
<b>Year ended at 31 December 2024</b>			
Gross income	26,467	20,941	47,408
Profit for the year	4,765	17,093	21,858
Total assets	200,954	379,078	580,032
Total liabilities	(165,467)	(9,743)	(175,210)
<b>Net assets</b>	<b>35,487</b>	<b>369,335</b>	<b>404,822</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 24- RELATED PARTY TRANSACTIONS

Related parties represent subsidiaries, associates, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

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

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
<b>Consolidated statement of financial position</b>		
Accounts receivable and other assets (note 11)	<b>55</b>	54
Accounts payable and other liabilities (note 18)	<b>16</b>	218
	<b>Year ended</b>	Year ended
	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
<b>Consolidated statement of profit or loss</b>		
Operating revenue	<b>598</b>	583
Reversal of provision (due from related parties) (note 11)	-	200
Income from management and consultancy fees	<b>1,081</b>	1,012
Cost of revenue	<b>2,091</b>	2,062
General, administrative and other expenses	<b>1,613</b>	1,360
Bargain gain on purchase of additional shares in an associate (note 13.4)	-	1,104
<b>Benefits of key management personnel of the Group:</b>		
Salaries, incentives and short-term benefits for the key management and the Board of Directors remuneration	<b>872</b>	961
<b>Transactions</b>		
Purchase of Trading Properties (note 13.1)	-	18,339
Purchase of additional shares in an associate (note 15.3)	-	979
Purchase of investment properties (note 14.1)	<b>30,848</b>	-
	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
<b>Off balance sheet items</b>		
Net assets of clients' portfolios managed by subsidiary (note 26)	<b>80,344</b>	77,033

## 25- CONTINGENT LIABILITIES

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Letters of guarantee	<b>2,777</b>	2,582

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 26- OFF BALANCE SHEET ITEMS

One of the subsidiaries, Tamdeen Investment Company – KPSC, manages investment portfolios for third parties which had a net book value of KD285,464 thousand as at 31 December 2025 (31 December 2024: KD221,039 thousand) including KD80,344 thousand (31 December 2024: KD 77,033 thousand) related to portfolios for related parties (Note 24). These balances are not included in the consolidated statement of financial position.

## 27- FAIR VALUE MEASUREMENT

### 27-1 FAIR VALUE HIERARCHY

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets at fair value through other comprehensive income are carried at fair value and measurement details are disclosed in note 27.2 to the consolidated financial statements. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are at amortised costs is considered a reasonable approximation of their fair values. The Group also measures non-financial assets such as investment properties at fair value at each annual reporting date (note 14 and 27.3).

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

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

### 27-2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position may also be categorized as follows:

	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000
<b>Financial assets</b>		
<b><i>At amortised cost:</i></b>		
- Accounts receivable and other assets	4,266	4,739
- Cash and Cash equivalents	25,791	16,244
<b><i>At fair value:</i></b>		
- Financial assets at fair value through other comprehensive income	201,212	170,821
<b>Total financial assets</b>	<b>231,269</b>	<b>191,804</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 27- FAIR VALUE MEASUREMENT (CONTINUED)

### 27-2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000
<b>Financial liabilities</b>		
<b>At amortised cost:</b>		
- Due to banks	6,826	9,374
- Term loans	174,000	141,191
- Accounts payable and other liabilities	15,171	15,896
- Refundable rental deposits	6,577	6,578
<b>Total financial liabilities</b>	<b>202,574</b>	<b>173,039</b>

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

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

	Note	Level 1 KD'000	Level 3 KD'000	Total KD'000
<b>31 December 2025</b>				
<b>Financial assets at fair value through other comprehensive income:</b>				
- Participations in local companies shares				
• Quoted shares	a	200,558	-	200,558
• Unquoted shares	b	-	654	654
		<u>200,558</u>	<u>654</u>	<u>201,212</u>

	Note	Level 1 KD'000	Level 3 KD'000	Total KD'000
<b>31 December 2024</b>				
<b>Financial assets at fair value through other comprehensive income:</b>				
- Participations in local companies shares				
• Quoted shares	a	170,169	-	170,169
• Unquoted shares	b	-	652	652
		<u>170,169</u>	<u>652</u>	<u>170,821</u>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 27- FAIR VALUE MEASUREMENT (CONTINUED)

### 27-2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

#### MEASUREMENT AT FAIR VALUE

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

##### **a) Quoted securities**

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

##### **b) Unquoted securities**

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

#### LEVEL 3 FAIR VALUE MEASUREMENTS

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

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Balance as at 1 January	<b>652</b>	821
Additions	<b>2</b>	22
Disposal	<b>-</b>	(191)
<b>Balance as at 31 December</b>	<b>654</b>	652

The methods and valuation techniques used for the purpose of measuring fair value, which are unchanged compared to the previous reporting period, are as follows:

<b>Financial assets</b>	<b>Valuation techniques and key input</b>	<b>Significant unobservable input</b>	<b>Relationship of unobservable input to fair value</b>
Unquoted shares	Market comparison and adjusted book value	Discount rates and book value adjusted with market risk	The higher discount rates and the market risk the lower the fair value

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the consolidated statement of profit or loss and other comprehensive income, total assets, total liabilities or total equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 27- FAIR VALUE MEASUREMENT (CONTINUED)

### 27-3 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The Group's non-financial assets measured at fair value consist of investment properties. All investment properties are categorized as level 3 under the fair value hierarchy on a recurring basis at 31 December 2025 and 31 December 2024.

The fair value of the investment properties has been determined based on appraisals performed by independent, professionally qualified property valuers (two appraisals for local properties, of which one from a local bank). The significant inputs and assumptions are developed in close consultation with management. The appraisals were carried out using two methods, a yield method and a combination of market comparison approach for land and cost minus depreciation approach for buildings as follows:

	Method of valuation	
	31 Dec. 2025	31 Dec.2024
Land and buildings in Kuwait	Yield method and Market comparison approach for land and cost less depreciation for buildings	Yield method and Market comparison approach for land and cost less depreciation for buildings
Freehold lands in Kuwait	Market comparison approach	-

When the yield method is used, the appraisal capitalizes the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When the actual rent differs materially from the estimated rent, adjustments have been made to the estimated rental value. The estimated rental stream considers current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings.

When the market comparison approach is used, the appraisal reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use. The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

### LEVEL 3 FAIR VALUE MEASUREMENTS

The Group measurement of investment properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The movement in the investment properties is disclosed in Note 14.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28- RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to variety of financial risks: market risk (including foreign currency risk, interest rate risk, and price risk), credit risk and liquidity risk.

The Parent Company's Board of Directors is ultimately responsible to set out policies and strategies for management of risks.

The Group does not use derivative financial instruments

The most significant financial risks to which the Group is exposed to are as follows:

### 28-1 MARKET RISK

#### ***a) FOREIGN CURRENCY RISK***

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in Gulf Cooperation Council (GCC) , other Middle Eastern countries, and Europe and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To mitigate the Group's exposure to foreign currency risk, management monitors a balances of assets and liabilities exposed to the foreign currency risk to minimize fluctuations and enter into forward foreign exchange contracts, if needed, in accordance with the Group's risks management policies.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from long-term cash flows. Where the amounts to be paid and received in specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward foreign exchange contracts may be entered into for significant long-term foreign currency exposures that are not expected to be offset by other foreign currency transactions.

The Group had the following significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
US Dollar	<b>5,975</b>	5,741

If the Kuwaiti Dinar had strengthened/weakened against the foreign currencies by 5%, then this would have direct impact on the equity by an amount of nil (31 December 2024: KD nil thousand).

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above represents the Group's exposure to the foreign currency risk

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28- RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 28-1 MARKET RISK (CONTINUED)

#### ***b) INTEREST RATE RISK***

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to its short term deposits, and its borrowings (term loans and due to banks) .

The borrowings mainly represent short- and long-term borrowings and bear fixed or variable interest rates. The management has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods.

Positions are monitored on a regular basis and hedging strategies maybe used to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the profit for the year to a reasonably possible change in interest rates of +0.5% and – 0.5% (31 December 2024: +0.5 % and – 0.5%) retrospectively from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition. The calculations are based on the Group's financial instruments exposed to interest rate risk held at the date of the consolidated statement of financial position. All other variables are held constant. There has been no change during this year in the methods and assumptions used in preparing the sensitivity analysis.

	Year ended 31 Dec. 2025		Year ended 31 Dec. 2024	
	+ 0.5 % KD'000	- 0.5 % KD'000	+ 0.5 % KD'000	- 0.5 % KD'000
Effect on profit for the year	(605)	605	(493)	493

#### ***c) PRICE RISK***

The Group is exposed to equity price risk with respect to its equity investments. Equity investments are classified as financial assets at fair value through other comprehensive income. The Group's investments are listed on the Kuwait Stock Exchange and other Gulf markets.

To manage its price risk arising from investments in equity securities, the Group diversifies its investment portfolio where possible. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the date of the consolidated financial statements. There has been no change in the methods and assumptions used in the preparation of the sensitivity analysis.

If the prices of securities had been 5% higher/lower, the effect on equity for the year ended 31 December would have been as follows

	Equity	
	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000
Market Stock Exchange index + 5%	10,028	8,508
Market Stock Exchange index – 5%	(10,028)	(8,508)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28- RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 28-2 CREDIT RISK

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

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

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Cash and cash equivalents	<b>25,791</b>	16,244
Accounts receivable and other assets	<b>4,266</b>	4,739
	<b>30,057</b>	20,983

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

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions with high credit quality.

### 28-3 GEOGRAPHICAL CONCENTRATION

The Group principally operates in the State of Kuwait, where most of its assets are located. Accordingly, the Group's geographical concentration of assets is mainly within the State of Kuwait.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28- RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 28-4 LIQUIDITY RISK

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

The table below summarises the maturity profile of the Group's assets and liabilities. Except for the financial assets at fair value through other comprehensive income and investment properties and investments in associates, the maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date.

The maturity profile for the financial assets at FVTOCI, investment properties and investment in associates is determined based on management's estimate of liquidation of those investments.

Maturity profile of assets and liabilities are as follows:

	31 December 2025			31 December 2024		
	1 year KD'000	Over 1 year KD'000	Total KD'000	1 year KD'000	Over 1 year KD'000	Total KD'000
<b>Assets</b>						
Cash and cash equivalents	25,791	-	25,791	16,244	-	16,244
Accounts receivable and other assets	8,051	-	8,051	5,146	-	5,146
Financial assets at fair value through other comprehensive income	30,989	170,223	201,212	-	170,821	170,821
Trading properties	23,518	-	23,518	24,514	-	24,514
Investment properties	-	221,430	221,430	-	188,000	188,000
Investments in associates	-	179,477	179,477	-	167,793	167,793
Intangible assets	-	905	905	-	1,866	1,866
Other assets	-	5,035	5,035	-	5,648	5,648
	<u>88,349</u>	<u>577,070</u>	<u>665,419</u>	<u>45,904</u>	<u>534,128</u>	<u>580,032</u>
<b>Liabilities</b>						
Due to banks	6,826	-	6,826	9,374	-	9,374
Term loans	112,500	61,500	174,000	75,691	65,500	141,191
Accounts payable and other liabilities	8,485	6,686	15,171	7,924	7,972	15,896
Refundable rental deposits	-	6,577	6,577	-	6,578	6,578
Provision for employees end of service benefits	-	2,333	2,333	-	2,171	2,171
	<u>127,811</u>	<u>77,096</u>	<u>204,907</u>	<u>92,989</u>	<u>82,221</u>	<u>175,210</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 28- RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 28-4 LIQUIDITY RISK (CONTINUED)

The contractual maturities of financial liabilities based on undiscounted cash flows are as follows:

	Up to 1 month KD'000	1-3 months KD'000	3-12 months KD'000	Above 1 year KD'000	Total KD'000
<b>31 December 2025</b>					
<b>Financial liabilities (undiscounted)</b>					
Due to banks	82	-	6,744	-	6,826
Term loans	-	7,509	108,618	66,577	182,704
Accounts payable and other liabilities	577	3,096	4,167	7,331	15,171
Refundable rental deposits	-	-	-	6,577	6,577
Provision for employees' end of service benefits	-	-	-	2,333	2,333
	<u>659</u>	<u>10,605</u>	<u>119,529</u>	<u>82,818</u>	<u>213,611</u>
<b>31 December 2024</b>					
<b>Financial liabilities (undiscounted)</b>					
Due to banks	3,706	-	5,668	-	9,374
Term loans	-	2,206	77,799	68,629	148,634
Accounts payable and other liabilities	452	2,630	5,854	6,960	15,896
Refundable rental deposits	-	-	-	6,578	6,578
Provision for employees' end of service benefits	-	-	-	2,171	2,171
	<u>4,158</u>	<u>4,836</u>	<u>89,321</u>	<u>84,338</u>	<u>182,653</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 29- CAPITAL MANAGEMENT OBJECTIVES

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

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

The capital structure of the Group consists of the following:

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Due to banks	<b>6,826</b>	9,374
Term loans	<b>174,000</b>	141,191
Less: Cash and bank balances	<b>(25,791)</b>	(16,244)
Net debt	<b>155,035</b>	134,321
Equity attributable to owners of the Parent Company	<b>288,373</b>	257,375
Non-controlling interests	<b>172,139</b>	147,447
Total capital	<b>615,547</b>	539,143

The Group manages the capital structure on the basis of the gearing ratio. This gearing ratio is calculated as net debt divided by total capital as follows:

	<b>31 Dec. 2025</b>	31 Dec. 2024
	<b>KD'000</b>	KD'000
Net debt (KD'000)	<b>155,035</b>	134,321
Total capital (KD'000)	<b>615,547</b>	539,143
Gearing ratio	<b>25%</b>	25%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

## 30- LEGAL CASES

During 2020, an administrative appeal judgment was issued in Favor of the Ministry of Finance (“MOF”) in the case filed by the MOF requesting an increase in the rental amount for the Fahaheel Waterfront Development Project (“Souq Al Kout”). The judgment obligated the Parent Company to pay an annual rental amount of KD 213,000 instead of KD 75,000, for the period from 1 October 2007 to 30 September 2019. Both the MOF and the Company filed cassation appeals against the judgment. The Company’s appeal included an urgent request to suspend the execution of the judgment pending the outcome of the cassation proceedings. On 9 December 2020, the Court of Cassation approved the request and ordered the suspension of execution of the judgment until a decision is issued on both appeals, which were joined together. On 24 May 2024, the Court of Cassation issued its ruling dismissing the MOF’s appeal and overturning the judgment challenged by the Company, while referring the case file to the Experts Department to appoint a tripartite expert committee to carry out the assignment specified in the judgment.

The case was subsequently deliberated before the tripartite committee. The Parent Company responded to the experts’ requests and submitted its defense. However, the MOF did not attend any of the hearing sessions despite being duly notified. As a result, the Experts Department returned the case file to the Court due to the inability to complete the assigned task. The case was then reconsidered by the Court of Cassation, and in its session held on 18 December 2024, the Court decided to refer the case again to the Experts Department. Following the renewed referral, the expert committee deliberated on the matter and issued its expert report on 6 August 2025, the Company submitted a memorandum to the Court of Cassation commenting on the expert report during the hearing held on 5 November 2025. The Ministry of Finance requested an adjournment to submit its response, which the Court granted until 28 January 2026. The Ministry did not submit its response and requested a further adjournment, which was granted until 8 April 2026.

Furthermore, the appeal judgment, if upheld by the Court of Cassation, will not have any significant financial impact on the consolidated financial statements, as the Group has previously made the necessary provisions to cover the amount subject to the judgment.

## 31- SUBSEQUENT EVENTS

In the light of the current escalating conflict in the Middle East and the potential consequential impact on economic activities and inflation, management acknowledges that this matter may require revisions of certain assumptions and estimates related to impairment in value of investment in associates, if the conflict proves prolonged. However, at this stage Management is unable to reliably estimate any potential impact, as events are unfolding day-by-day.

## 32- COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the presentation of the consolidated financial statements in the current year, and such reclassification does not affect previously reported net assets, net equity and net results for the year.