

**SALHIA REAL ESTATE COMPANY  
K.S.C.P. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)**

**31 MARCH 2024**



## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF SALHIA REAL ESTATE COMPANY K.S.C.P.**

### **Report on the Interim Condensed Consolidated Financial Information**

#### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Salhia Real Estate Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”) as at 31 March 2024, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

#### ***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

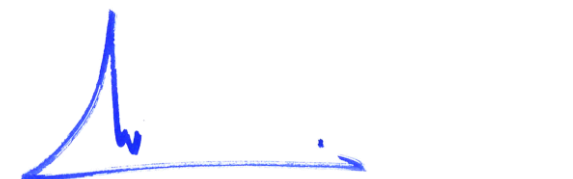
#### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

#### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Market Authority “CMA” and organization of security activity and its executive regulations, as amended, during the three-months period ended 31 March 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER

LICENCE NO. 207-A

EY

(AL AIBAN, AL OSAIMI & PARTNERS)

13 May 2024

Kuwait

# Salhia Real Estate Company K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 31 March 2024

	<i>Note</i>	<i>Three months ended 31 March</i>	
		<b>2024</b> <b>KD</b>	<b>2023</b> <b>KD</b>
Revenue		<b>11,156,012</b>	9,804,230
Operating costs		<b>(2,746,344)</b>	(2,884,036)
<b>Gross profit</b>		<b>8,409,668</b>	6,920,194
Share of joint venture's results, net of tax		<b>1,230,172</b>	(221,569)
General and administrative expenses		<b>(1,414,740)</b>	(1,247,794)
Depreciation and amortization		<b>(1,937,463)</b>	(1,466,541)
Sales and marketing expenses		<b>(210,493)</b>	(184,661)
Dividends income		<b>16,878</b>	-
Recovery of insurance claims		-	750,000
Other income, net		<b>147,510</b>	230,113
Finance costs		<b>(3,218,715)</b>	(865,301)
<b>PROFIT BEFORE PROVISION FOR CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>		<b>3,022,817</b>	3,914,441
KFAS		<b>(30,014)</b>	(39,360)
NLST		<b>(75,034)</b>	(98,399)
Zakat		<b>(30,014)</b>	(39,360)
<b>PROFIT FOR THE PERIOD</b>		<b>2,887,755</b>	3,737,322
<b>Attributable to:</b>			
Equity holders of the Parent Company		<b>2,866,316</b>	3,758,856
Non-controlling interests		<b>21,439</b>	(21,534)
		<b>2,887,755</b>	3,737,322
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>3</b>	<b>5.00 fils</b>	6.55 fils

The attached notes 1 to 13 form an integral part of the interim condensed consolidated financial information.

Salhia Real Estate Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 31 March 2024

	<i>Three months ended</i> <i>31 March</i>	
	<b>2024</b> <b>KD</b>	<b>2023</b> <b>KD</b>
<b>Profit for the period</b>	<b>2,887,755</b>	3,737,322
<b>Other comprehensive (loss) income</b>		
<i>Items that may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>(1,197,654)</b>	373,225
<b>Net other comprehensive (loss) income that may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods</b>	<b>(1,197,654)</b>	373,225
<i>Items that will not be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</i>		
Changes in the fair value of equity instruments at fair value through other comprehensive income	<b>17,437</b>	(167,913)
<b>Net other comprehensive income (loss) that will not be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods</b>	<b>17,437</b>	(167,913)
<b>Other comprehensive (loss) income for the period</b>	<b>(1,180,217)</b>	205,312
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,707,538</b>	3,942,634
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>1,729,459</b>	3,968,207
Non-controlling interests	<b>(21,921)</b>	(25,573)
	<b>1,707,538</b>	3,942,634

The attached notes 1 to 13 form an integral part of the interim condensed consolidated financial information.

Salhia Real Estate Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2024

		<i>(Audited)</i>	
	<i>Notes</i>	<i>31 March 2024 KD</i>	<i>31 December 2023 KD</i>
		<i>31 March 2023 KD</i>	
<b>ASSETS</b>			
Cash on hand and at banks	4	7,077,723	6,192,906
Inventories		200,321	202,205
Accounts receivable and other assets		10,717,322	24,933,379
Financial assets at fair value through other comprehensive income	5	6,885,647	6,868,210
Investment in a joint venture		10,313,012	9,802,678
Investment properties	6	434,689,458	360,996,365
Property and equipment		52,236,083	49,126,804
<b>TOTAL ASSETS</b>		<b>522,119,566</b>	<b>458,122,547</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks and financial institution		10,440,189	14,303,492
Accounts payable and other liabilities		44,981,296	40,236,266
Commercial financing	7	20,665,000	18,203,880
Islamic financing	7	271,567,492	205,500,804
<b>TOTAL LIABILITIES</b>		<b>347,653,977</b>	<b>278,244,442</b>
<b>EQUITY</b>			
Share capital	8	56,527,756	56,527,756
Share premium		35,055,163	35,055,163
Treasury shares	9	(7,236,393)	(8,086,553)
Treasury shares reserve		6,082,968	5,848,303
Statutory reserve		30,280,511	30,280,511
Voluntary reserve		20,489,290	20,489,290
Retained earnings		46,131,783	51,470,346
Fair value reserve		(22,934)	(40,371)
Foreign currency translation reserve		(12,988,401)	(11,834,107)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>174,319,743</b>	<b>179,710,338</b>
Non-controlling interests		145,846	167,767
<b>TOTAL EQUITY</b>		<b>174,465,589</b>	<b>179,878,105</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>522,119,566</b>	<b>427,174,881</b>

Ghazi Fahad Alnafisi  
Chairman

Faisal Abdulmohsen Al-Khatrash  
Vice Chairman

The attached notes 1 to 13 form an integral part of the interim condensed consolidated financial information.

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2024

*Equity attributable to equity holders of the Parent Company*

	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Retained earnings KD</i>	<i>Fair value reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Subtotal KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
Balance as at 1 January 2024 ( <i>Audited</i> )	56,527,756	35,055,163	(8,086,553)	5,848,303	30,280,511	20,489,290	51,470,346	(40,371)	(11,834,107)	179,710,338	167,767	179,878,105
Profit for the period	-	-	-	-	-	-	2,866,316	-	-	2,866,316	21,439	2,887,755
Other comprehensive loss for the period	-	-	-	-	-	-	-	17,437	(1,154,294)	(1,136,857)	(43,360)	(1,180,217)
Total comprehensive income for the period	-	-	-	-	-	-	2,866,316	17,437	(1,154,294)	1,729,459	(21,921)	1,707,538
Purchase of treasury shares	-	-	(445,887)	-	-	-	-	-	-	(445,887)	-	(445,887)
Sale of treasury shares	-	-	1,296,047	234,665	-	-	-	-	-	1,530,712	-	1,530,712
Dividends (Note 8)	-	-	-	-	-	-	(8,204,879)	-	-	(8,204,879)	-	(8,204,879)
<b>Balance as at 31 March 2024</b>	<b>56,527,756</b>	<b>35,055,163</b>	<b>(7,236,393)</b>	<b>6,082,968</b>	<b>30,280,511</b>	<b>20,489,290</b>	<b>46,131,783</b>	<b>(22,934)</b>	<b>(12,988,401)</b>	<b>174,319,743</b>	<b>145,846</b>	<b>174,465,589</b>
Balance as at 1 January 2023 ( <i>Audited</i> )	53,835,958	35,055,163	(8,518,594)	4,670,487	30,280,511	20,489,290	45,959,307	(423,917)	(13,335,974)	168,012,231	53,408	168,065,639
Profit for the period	-	-	-	-	-	-	3,758,856	-	-	3,758,856	(21,534)	3,737,322
Other comprehensive income for the period	-	-	-	-	-	-	-	(167,913)	377,264	209,351	(4,039)	205,312
Total comprehensive income for the period	-	-	-	-	-	-	3,758,856	(167,913)	377,264	3,968,207	(25,573)	3,942,634
Purchase of treasury shares	-	-	(528)	-	-	-	-	-	-	(528)	-	(528)
Sale of treasury shares	-	-	1,582,449	587,111	-	-	-	-	-	2,169,560	-	2,169,560
Dividends (Note 8)	-	-	-	-	-	-	(7,807,953)	-	-	(7,807,953)	-	(7,807,953)
Balance as at 31 March 2023	53,835,958	35,055,163	(6,936,673)	5,257,598	30,280,511	20,489,290	41,910,210	(591,830)	(12,958,710)	166,341,517	27,835	166,369,352

The attached notes 1 to 13 form an integral part of the interim condensed consolidated financial information.

# Salhia Real Estate Company K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2024

	Notes	Three months ended	
		31 March	
		2024	2023
		KD	KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before contribution to KFAS, NLST and Zakat		3,022,817	3,914,441
Adjustments for:			
Share in joint venture's results, net of tax		(1,230,172)	221,569
Provision for employees' terminal benefits		204,399	279,133
Depreciation and amortization		1,937,463	1,466,541
Recovery of insurance claims		-	(750,000)
Dividends income		(16,878)	-
Foreign exchange gain		-	(58,134)
Finance costs		3,218,715	865,301
		<u>7,136,344</u>	<u>5,938,851</u>
Change in operating assets and liabilities:			
Inventories		1,884	(14,670)
Accounts receivable and other assets		14,216,057	839,146
Accounts payable and other liabilities		(3,831,343)	2,036,413
		<u>17,522,942</u>	<u>8,799,740</u>
Employees' terminal benefits paid		(81,798)	(139,838)
KFAS paid		(168,909)	(153,732)
Directors' remuneration paid		(120,000)	(120,000)
		<u>17,152,235</u>	<u>8,386,170</u>
Net cash flows from operating activities			
<b>INVESTING ACTIVITIES</b>			
Additions to investment properties	6	(75,545,889)	(6,261,020)
Additions to property and equipment		(3,365,405)	(4,299,714)
Dividends income received		16,878	-
		<u>(78,894,416)</u>	<u>(10,560,734)</u>
Net cash flows used in investing activities			
<b>FINANCING ACTIVITIES</b>			
Proceeds from commercial and Islamic financings	7	80,914,754	7,780,780
Repayment of commercial and Islamic financings	7	(12,348,066)	(9,907,610)
Finance costs paid		(2,815,975)	(865,301)
Payment of lease liability		-	(205,127)
Purchase of treasury shares		(445,887)	(528)
Proceeds from sale of treasury shares		1,530,712	2,169,560
		<u>66,835,538</u>	<u>(1,028,226)</u>
Net cash flows from financing activities			
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>		<b>5,093,357</b>	<b>(3,202,790)</b>
Foreign currency translation adjustment		(345,237)	373,225
Cash and cash equivalent at 1 January		(8,110,586)	(326,818)
<b>CASH AND CASH EQUIVALENT AT 31 MARCH</b>	4	<b>(3,362,466)</b>	<b>(3,156,383)</b>

The attached notes 1 to 13 form an integral part of the interim condensed consolidated financial information.

# Salhia Real Estate Company K.S.C.P. and Subsidiaries

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Salhia Real Estate Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively “the Group”) for the three months period ended 31 March 2024 were authorized for issue in accordance with a resolution of the Parent Company’s Board of Directors on 13 May 2024.

On 18 March 2024, the ordinary general assembly of the shareholders of the Parent Company approved the consolidated financial statements of the Group for the year ended 31 December 2023 and approved the Board of Director’s proposal for distributing cash dividends and bonus shares to the shareholders (Note 8).

The Group comprises Salhia Real Estate Company K.S.C.P. and its subsidiaries.

The Parent Company is a Kuwaiti Shareholding Company incorporated on September 16, 1974 and is listed on the Boursa Kuwait. The Parent Company’s registered office is located at Salhia Complex, Mohammed Thunayan Al-Ghanim, P.O. Box 23413 Safat 13095 Kuwait.

The Group’s main activities comprise real estate leasing, development of commercial properties and hotels operations in Kuwait and United Kingdom. Surplus funds are invested in real estate and securities portfolios managed by specialist investment managers.

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

The interim condensed consolidated financial information do not include all the information and disclosures required for full consolidated financial statements prepared in accordance with IFRS and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023. Furthermore, results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is the Parent Company’s functional and presentation currency. The Group presents its interim condensed consolidated statement of financial position in order of liquidity.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group’s interim condensed consolidated financial information.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)**

**2.1 New standards, interpretations and amendments adopted by the Group (continued)**

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

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's interim condensed consolidated financial information.

**Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

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

The amendments had no impact on the Group's interim condensed consolidated financial information.

**3 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY**

**Basic:**

Basic earnings per share attributable to equity holders of the Parent Company is computed by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares).

**Diluted:**

Diluted earnings per share attributable to the equity holders of the Parent Company is computed by dividing the profit for the period attributable to the equity holders of the Parent Company, adjusted for the effect of conversion of employees share options, by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all employees share options.

The Parent Company does not have outstanding share options under the employee share option plan as at 31 March 2024 and 31 March 2023.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2024</b>	<b>2023</b>
Profit for the period attributable to equity holders of the Parent Company (KD)	<b>2,866,316</b>	3,758,856
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	<b>573,346,672</b>	573,533,888
Basic and diluted earnings per share attributable to equity holders of the Parent Company	<b>5.00 fils</b>	6.55 fils

The weighted average number of shares outstanding for the current and comparative period have been adjusted to reflect the bonus shares issuance, approved during the period. Earnings per share for the three months period ended 31 March 2023 was 6.89 fils before retroactive adjustment to the number of shares following the bonus issue (Note 8).

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

#### 4 CASH ON HAND AND AT BANKS

	<i>31 March</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
Cash on hand	<b>38,013</b>	15,829	18,628
Bank balances	<b>7,039,710</b>	6,177,077	4,656,636
	<b>7,077,723</b>	6,192,906	4,675,264
Less: due to banks and financial institutions	<b>(10,440,189)</b>	(14,303,492)	(7,831,647)
Cash and cash equivalent	<b>(3,362,466)</b>	(8,110,586)	(3,156,383)

#### 5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>31 March</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
Managed quoted portfolio	<b>291,900</b>	280,350	232,575
Managed unquoted portfolio	<b>270,655</b>	270,655	274,170
Unquoted equity securities	<b>6,323,092</b>	6,317,205	5,810,006
	<b>6,885,647</b>	6,868,210	6,316,751

The disclosure of fair value measurement and the levels of fair value hierarchy relating to the financial assets at fair value through other comprehensive income disclosed in (Note 10).

#### 6 INVESTMENT PROPERTIES

	<i>31 March</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
As at 1 January	<b>360,996,365</b>	349,158,841	349,158,841
Additions *	<b>75,545,889</b>	17,834,970	6,261,020
Disposal	-	(926,452)	-
Depreciation	<b>(1,681,337)</b>	(5,028,292)	(982,134)
Impairment	-	(782,768)	-
Foreign currency translation adjustment	<b>(171,459)</b>	740,066	378,560
	<b>434,689,458</b>	360,996,365	354,816,287

Investment properties with a carrying value of KD Nil (31 December 2023: KD Nil and 31 March 2023: KD 80,278) are registered in the name of a nominee. The nominee has confirmed in writing that the Parent Company is the beneficial owner of these properties.

\*During the period, the Group has acquired an investment property located in the State of Kuwait. The property has been recognized at a carrying value of KD 71,050,000 on the interim condensed consolidated statement of financial position. The acquisition was facilitated through a Sharia-compliant 'Ijara' financing structure in the amount of KD 70,000,000 which has been recorded under "Islamic financing" (Note 7).

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

#### 7 COMMERCIAL AND ISLAMIC FINANCING

	<b>31 March 2024 KD</b>	<i>(Audited)</i> <b>31 December 2023 KD</b>	<b>31 March 2023 KD</b>
At 1 January	<b>223,704,684</b>	207,918,659	207,918,659
Loans received	<b>80,914,754</b>	33,664,789	7,780,780
Loans paid	<b>(12,348,066)</b>	(18,180,700)	(9,907,610)
Foreign currency translation adjustment	<b>(38,880)</b>	301,936	122,497
	<b>292,232,492</b>	223,704,684	205,914,326
	<b>292,232,492</b>	223,704,684	205,914,326
	<b>20,665,000</b>	18,203,880	10,907,600
Commercial financing	<b>20,665,000</b>	18,203,880	10,907,600
Islamic financing	<b>271,567,492</b>	205,500,804	195,006,726
	<b>292,232,492</b>	223,704,684	205,914,326
	<b>292,232,492</b>	223,704,684	205,914,326

Commercial financing denominated in Kuwaiti Dinar carries an interest rate of 0.75% per annum (31 December 2023: 1% per annum and 31 March 2023: 1% per annum) over the Central Bank of Kuwait discount rate.

Commercial financing denominated in GBP carries variable interest rates 5.19% + SONIA rate (31 December 2023: 5.19% + SONIA rate and 31 March 2023: 2.6% +SONIA rate).

Commercial financing amounting to KD 3,115,000 (31 December 2023: KD 3,153,880 and 31 March 2023: KD 4,857,600) has been obtained by foreign subsidiaries.

The average profit rate attributable to Islamic financing during the period which carries an interest rate of 0.88% per annum (31 December 2023: 0.88% per annum and 31 March 2023: 1% per annum) over the Central Bank of Kuwait discount rate.

Islamic financing is secured by an investment property with a carrying value of KD Nil (31 December 2023: KD Nil and 31 March 2023: KD 292,797,505).

#### 8 SHARE CAPITAL AND GENERAL ASSEMBLY MEETING

At the Annual General Assembly of the shareholders of the Parent Company held on 18 March 2024, the shareholders approved the distribution of cash dividends of 15 fils (2022: 15 fils) per share, amounting to KD 8,204,879 for the year ended 31 December 2023 (2022: KD 7,807,953) which paid subsequently on 25 April 2024, in addition to the issuance of bonus shares of 28,263,878 (2022: 26,917,979) in the ratio of 5 shares for each 100 shares to the registered shareholders as at the entitlement date. The capitalization of the bonus shares has been notarized in the Parent Company's commercial register dated 3 April 2024.

As at 31 March 2024, the authorized, issued and paid up capital comprises of 565,277,563 shares (31 December 2023: 565,277,563 shares and 31 March 2023: 538,359,584 shares) at 100 fils (31 December 2023: 100 fils and 31 March 2023: 100 fils) per share.

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**9 TREASURY SHARES**

At 31 March 2024, the Parent Company held 18,285,603 of its own shares (31 December 2023: 20,533,242 shares and 31 March 2023: 17,829,382 shares), equivalent to 3.23% (31 December 2023: 3.63% and 31 March 2023: 3.31%) of the total issued share capital at that date. The market value of these shares at the financial position date was KD 8,411,377 (31 December 2023: KD 8,808,761 and 31 March 2023: KD 9,413,914). Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

**10 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities. For financial instruments where there is no active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

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

# Salhia Real Estate Company K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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### 10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<b>31 March 2024</b>			
<i>Assets measured at fair value</i>			
<i>Financial assets at FVOCI:</i>			
Managed quoted portfolios	291,900	-	291,900
Managed unquoted portfolio	-	270,655	270,655
Unquoted equity securities	-	6,323,092	6,323,092
	<u>291,900</u>	<u>6,593,747</u>	<u>6,885,647</u>
	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
31 December 2023 (Audited)			
<i>Assets measured at fair value</i>			
<i>Financial assets at FVOCI:</i>			
Managed quoted portfolios	280,350	-	280,350
Managed unquoted portfolio	-	270,655	270,655
Unquoted equity securities	-	6,317,205	6,317,205
	<u>280,350</u>	<u>6,587,860</u>	<u>6,868,210</u>
	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
31 March 2023			
<i>Assets measured at fair value</i>			
<i>Financial assets at FVOCI:</i>			
Managed quoted portfolios	232,575	-	232,575
Managed unquoted portfolio	-	274,170	274,170
Unquoted equity securities	-	5,810,006	5,810,006
	<u>232,575</u>	<u>6,084,176</u>	<u>6,316,751</u>

The following table shows a reconciliation of the opening and closing amount of level 3 financial instruments which are recorded at fair value.

	<i>As at</i> <i>1 January</i> <i>2024</i> <i>KD</i>	<i>Change</i> <i>in fair value</i> <i>KD</i>	<i>As at</i> <i>31 March</i> <i>2024</i> <i>KD</i>
<i>Financial assets at FVOCI:</i>			
- Managed unquoted portfolio and unquoted equity securities	6,587,860	5,887	6,593,747
	<i>As at</i> <i>1 January</i> <i>2023</i> <i>KD</i>	<i>Change</i> <i>in fair value</i> <i>KD</i>	<i>As at</i> <i>31 December</i> <i>2023</i> <i>KD</i>
<i>Financial assets at FVOCI:</i>			
- Managed unquoted portfolio and unquoted equity securities	6,252,089	335,771	6,587,860
	<i>As at</i> <i>1 January</i> <i>2023</i> <i>KD</i>	<i>Change</i> <i>in fair value</i> <i>KD</i>	<i>As at</i> <i>31 March</i> <i>2023</i> <i>KD</i>
<i>Financial assets at FVOCI:</i>			
- Managed unquoted portfolio and unquoted equity securities	6,252,089	(167,913)	6,084,176

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**10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

There were no transfers between fair value hierarchy levels.

Fair value of other financial instruments is not materially different from their carrying values at the reporting date.

The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of changes in equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

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

**11 SEGMENTAL INFORMATION**

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss as explained in the table below.

The Group has the following reportable segments:

- ▶ Real estate operations: Consist of development and leasing of properties.
- ▶ Hotel operations: Consist of the hotel hospitality services provided through the JW Marriott Hotel – Kuwait, the Courtyard Marriott Hotel - Kuwait, Arraya Ball Room – Kuwait and Marriott Executive Apartments- Kuwait.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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11 SEGMENTAL INFORMATION (continued)

The following table presents revenue and profit information regarding the Group's operating segments:

	<i>Three months ended 31 March 2024</i>			<i>Three months ended 31 March 2023</i>		
	<i>Real estate operations KD</i>	<i>Hotel operations KD</i>	<i>Total KD</i>	<i>Real estate operations KD</i>	<i>Hotel operations KD</i>	<i>Total KD</i>
Segment revenue	9,632,603	1,523,409	11,156,012	8,490,390	1,313,840	9,804,230
Segment operating costs	(2,031,746)	(714,598)	(2,746,344)	(2,319,960)	(564,076)	(2,884,036)
Segment gross profit	<u>7,600,857</u>	<u>808,811</u>	<u>8,409,668</u>	<u>6,170,430</u>	<u>749,764</u>	<u>6,920,194</u>
Share in joint venture's results, net of tax	1,230,172	-	1,230,172	(221,569)	-	(221,569)
Depreciation and amortization	(1,783,433)	(154,030)	(1,937,463)	(1,307,331)	(159,210)	(1,466,541)
Other operating expenses	(1,258,776)	(366,457)	(1,625,233)	(1,122,012)	(310,443)	(1,432,455)
Finance costs	(3,209,570)	(9,145)	(3,218,715)	(854,867)	(10,434)	(865,301)
Segment results	<u>2,579,250</u>	<u>279,179</u>	<u>2,858,429</u>	<u>2,664,651</u>	<u>269,677</u>	<u>2,934,328</u>
Recovery of insurance claims			-			750,000
Investment income			16,878			-
Other non-operating income, (net)			147,510			230,113
KFAS, NLST and Zakat			(135,062)			(177,119)
<b>Profit for the period</b>			<u><u>2,887,755</u></u>			<u><u>3,737,322</u></u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

11 SEGMENTAL INFORMATION (continued)

The following table presents allocation of total assets, liabilities and capital expenditures regarding the Group's operating segments:

	<i>31 March 2024</i>			<i>31 December 2023 (Audited)</i>			<i>31 March 2023</i>		
	<i>Real estate operations KD</i>	<i>Hotel operations KD</i>	<i>Total KD</i>	<i>Real estate operations KD</i>	<i>Hotel operations KD</i>	<i>Total KD</i>	<i>Real estate operations KD</i>	<i>Hotel operations KD</i>	<i>Total KD</i>
Total assets	<u>519,564,810</u>	<u>2,554,756</u>	<u>522,119,566</u>	455,620,949	2,501,598	458,122,547	424,870,426	2,304,455	427,174,881
Segment liabilities	<u>344,555,504</u>	<u>3,098,473</u>	<u>347,653,977</u>	276,397,218	1,847,224	278,244,442	259,035,332	1,770,197	260,805,529
Capital expenditure	<u>75,590,078</u>	<u>3,321,216</u>	<u>78,911,294</u>	21,222,467	10,636,862	31,859,329	10,198,053	362,681	10,560,734



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

#### 12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At the financial position date, the Group had the following contingencies and capital commitments:

	<b>31 March 2024 KD</b>	<i>(Audited)</i> <b>31 December 2023 KD</b>	<b>31 March 2023 KD</b>
Letters of guarantee	<b>1,433,433</b>	1,433,134	1,250,027
Construction projects	<b>54,063,893</b>	56,646,880	29,905,245
	<b><u>55,497,326</u></b>	<u>58,080,014</u>	<u>31,155,272</u>

#### 13 RELATED PARTY TRANSACTIONS

Related parties represent the major shareholders, joint venture, directors and key management personnel of the Group, and companies which are controlled by them or over which they have significant influence. Pricing policies and terms of these transactions are approved by the Parent Company's management.

##### Compensation of key management personnel

The remuneration of key management personnel of the Group during the period was as follows:

	<i>Three months ended 31 March</i>	
	<b>2024 KD</b>	<b>2023 KD</b>
Short-term benefits	<b>178,975</b>	150,617
Employees' end of service benefits	<b>82,731</b>	122,250
	<b><u>261,706</u></b>	<u>272,867</u>

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