# SALHIA

Annual Report
2024

H. H. SHEIKH

# MESHAL AL-AHMAD AL-JABER AL-SABAH

The Amir of the State of Kuwait

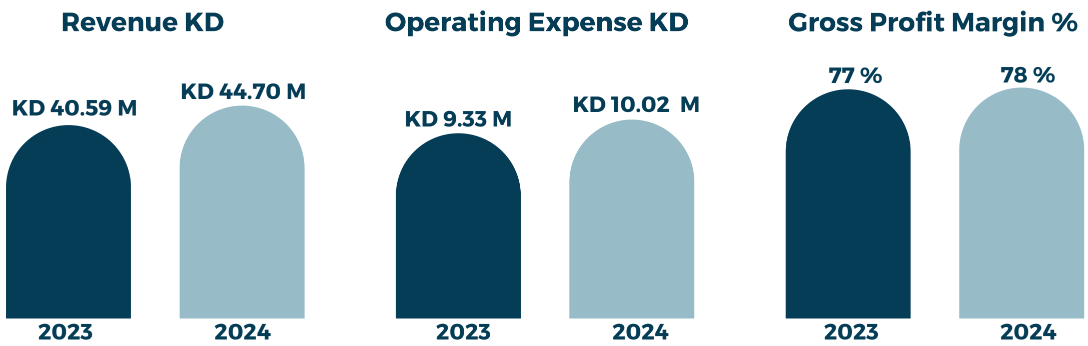
H. H. Sheikh

**Sabah Khaled Al-Hamad Al-Sabah**

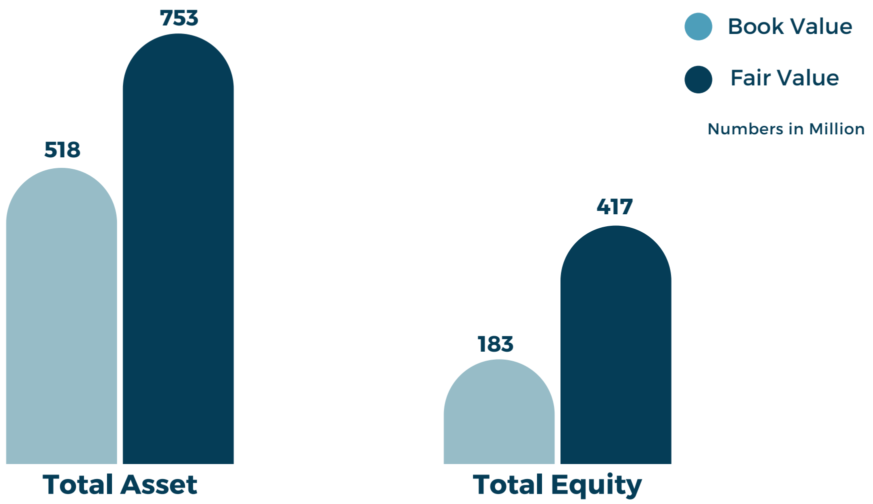
Crown Prince Of The State Of Kuwait

# Introduction

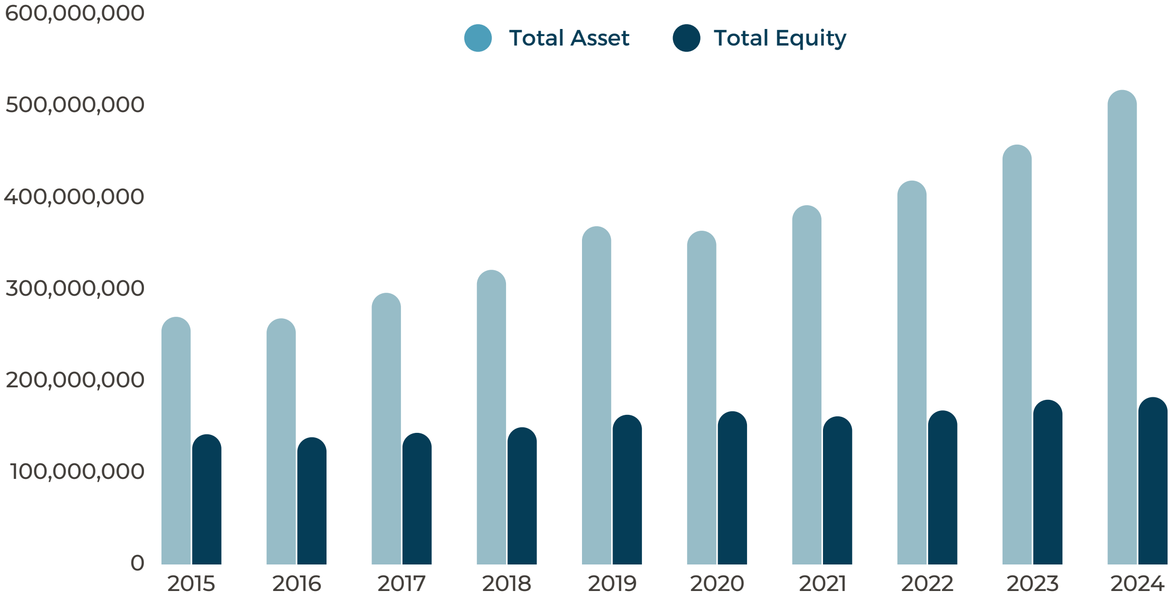
## Performance Indicators



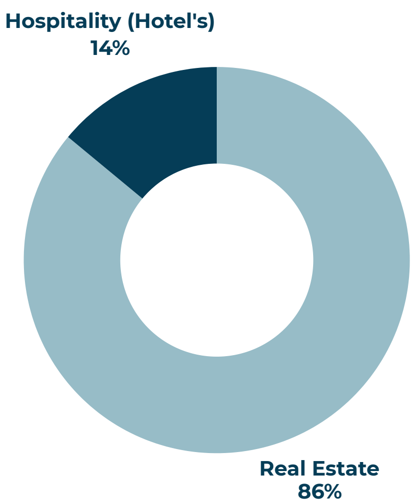

## Book Value Vs Fair Market Value 2024



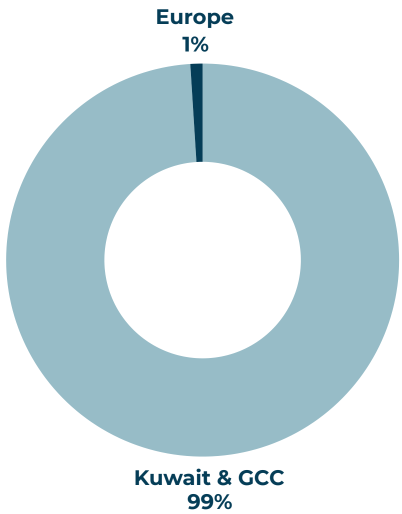

## Total Asset to Total Equity Comparison 2015 - 2024



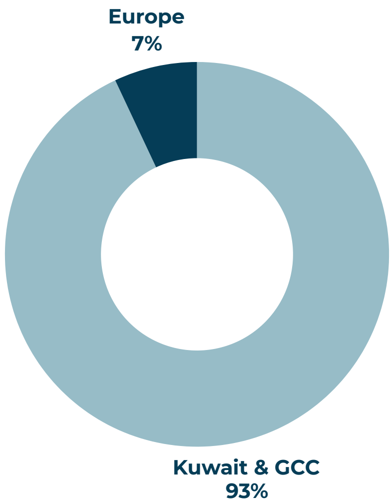
**Segmental Revenue Information**
**2024**



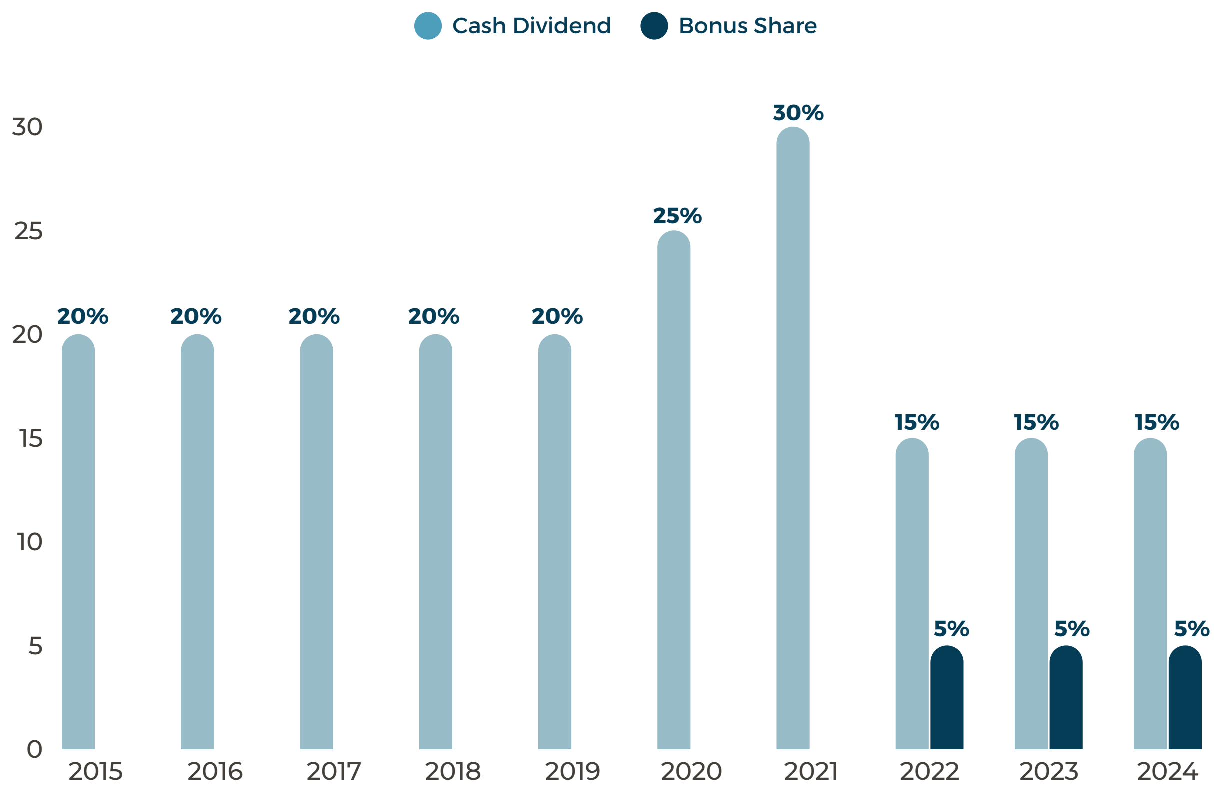

**Geographical Revenue Information**
**2024**




**Geographical Asset Information**
**2024**




## Ten Years Dividend Distribution 2015 to 2024



# Board Members

**Ghazi Fahad Alnafisi**
Chairman

**Faisal Abdulmohsen Al-Khatrash**
Vice Chairman

**Abdulaziz Ghazi Alnafisi**
Board Member
Chief Executive Officer

**Anwar Abdulaziz Al-Usaimi**
Board Member

**Yousef Eissa Al-Othman**
Board Member

**Abdulrahman Abdul Aziz Al-Babtain**
Board Member

**Marzouq Fajhan Al-Mutairi**
Board Member

**Saud Ahmad Al-Zabin**
Board Member

**Mohammad Khalil Al-Musaibeeh**
Board Secretary

# Executive Management

**Abdulaziz Ghazi Alnafisi**
Chief Executive Officer

**Bader Khalifah Al-Adsani**
Real Estate Management & Dev. Group Head

**Mohammed Khalil Al-Musaibeeh**
Finance, Accounting & HR Group Head

**Nasser Bader Al-Ghanim**
Assistant Investment Group Head

**Abdulnasser Bader Al-Turkait**
Group Information Technology Manager

**Ali Jassim Abul**
Group Human Resources & Administration Manager

**Ahmed Al-Quraish**
Project Property Development Manager

**Faisal Khalid Binsalamah**
Group Property Manager

**Abulyazid Abdelgaber Eladly**
Group Accounting Manager

**Mohamad Iskandar Alam**
Group Property Facilities Manager

# Chairman's Statement

## Honorable Shareholders of Salhia Real Estate Company

On behalf of my fellow Board members and myself, it is with great pleasure that I extend a heartfelt welcome to you. I wish you continued health and well-being, as well as ongoing success and excellence for our Company. It is also my pleasure to reconvene and present the annual report and financial results for Salhia Real Estate Company for the fiscal year ended on December 31, 2024, along with a summary of last year's activities, achievements, and significant steps taken toward the advancement of your Company.

First and foremost, I would like to express my gratitude to the members of the Board of Directors and the executive management of Salhia Real Estate Company for their hard work over the past year, which, thank God, was crowned with success and contributed to enhancing the Company's performance, even in the face of fluctuating global and regional economic and geopolitical conditions in 2024. The stability of local economic indicators has positively influenced the performance of the Kuwaiti market and the vision of «New Kuwait 2035». The upgrade of Salhia Real Estate Company to the premier market on the Kuwait Stock Exchange last year, along with its ongoing inclusion in key global economic indicators for emerging markets through MSCI and FTSE Russell, is a testament to the success of the Company's strategy and an important milestone toward achieving further progress.

## Operational Environment

Macroeconomic indicators for the country show a decrease in the inflation rate during 2024, reaching 2.75% by year-end, following the conclusion of the tightening cycle in various major global economies. Subsequently, the Central Bank of Kuwait lowered the discount rate by 25 basis points last September, reducing it to 4.00%. The data further confirms Kuwait's strong financial position, bolstered by substantial financial reserves, with most global rating agencies maintaining a stable outlook for the Kuwaiti economy.

While Kuwait is making advances to enhance its investment environment, the implementation of financial and structural reforms remains a significant challenge, with potential delays in execution. It is essential that these reforms are pursued to reduce reliance on oil, build resilience in the economy, and promote investment in the private sector. We hope to see a swift positive impact on the overall operational environment, leading to increased spending on development projects and infrastructure throughout the country.

## Company Performance Over the Year

Over the past year, Salhia Real Estate Company has remained dedicated to its strategy of capitalizing on all available opportunities. It has also worked to improve its existing operations, enhancing trust among its clients, shareholders, and stakeholders by concentrating on its core activities in the real estate development field.

The Company has successfully acquired the land of the Anwar Al-Sabah properties adjacent to the Salhia Complex and Sahab Tower. It entered into a lease agreement with a purchase option with a local Islamic bank for 70 million Kuwaiti Dinars to finance the acquisition of the Anwar Al-Sabah land. Once the land was obtained, the Company initiated development studies and project planning for what is termed the «Expansion of Salhia Complex», collaborating with leading local and international consulting and engineering firms in the field. The Company outlined its vision for the development, which may be pursued independently or in partnership with relevant entities.

In the past year, the Company has taken significant steps following the acquisition of the project land, including completing the demolition of the Anwar Al-Sabah buildings. It reached out to the necessary authorities to secure the required licenses and governmental approvals for the project. Additionally, the Company finalized the sale of Plot No. 3 from the Salhia Complex expansion project to the United Family Company, earning a profit of 624,849 Kuwaiti Dinars from the transaction.

Furthermore, Salhia Real Estate Company achieved several milestones that support its financial position and bolster shareholders' confidence in its investment decisions. Through Key Property Investments Ltd (KPI), a partnership company based in the United Kingdom in which it holds a 50% stake, the Company completed the sale of three investment properties through two successive transactions reported to the Kuwait Stock Exchange and the Capital Markets Authority, generating a net profit of around 4 million Kuwaiti Dinars. Moreover, the Company's management concluded the year 2024 by finalizing a settlement agreement with the main contractor of the Assima project, resulting in a profit of 3.356 million Kuwaiti Dinars for the Assima Real Estate Company.

## Development at JW Marriott Hotel

After completing the development of the Salhia Commercial Complex and opening that phase extending from the complex to the new main entrance from Abdulaziz Al-Saqer Street, along with the installation of the new facades of the complex, work continues on the development of the JW Marriott hotel adjacent to the complex, with the goal of achieving a development worthy of the Salhia name, reflecting the luxury and elegance that the Company's facilities enjoy. This is being done within an agreed-upon framework to ensure high-quality execution in a logical manner that guarantees timely completion.

## Financial Performance

Regarding the summary of financial performance for the year 2024, the Company achieved a profit of 12.6 million Kuwaiti Dinars, with earnings per share of 21.9 Fils, compared to the previous year, where profit was 16 million Kuwaiti Dinars with earnings per share of 27.8 Fils.

The total assets of the Company increased by 13% to 517.7 million Kuwaiti Dinars for the year 2024, compared to 458 million Kuwaiti Dinars. Equity reached 182.6 million Kuwaiti Dinars compared to 179.7 million Kuwaiti Dinars, marking a growth rate of approximately 2% from the previous year. Conversely, total liabilities increased to 335 million Kuwaiti Dinars in 2024 compared to 278 million Kuwaiti Dinars the previous year, to cover the financing costs of the Assima project.

The Company's operating revenues witnessed notable growth of 10% to 44.7 million Kuwaiti Dinars compared to 40.6 million Kuwaiti Dinars, while net operating profit rose by 11% to 34.7 million Kuwaiti Dinars compared to 31 million Kuwaiti Dinars in the previous year. Taking into consideration that all previous financial data was recorded based on historical cost for the financial year ended on December 31, 2024.

Regarding the market value of total assets, which includes assets appraised by neutral professional valuators at the end of 2024, it reached 753 million Kuwaiti Dinars. Thus, the equity, along with the surplus from the revaluation of assets, amounts to approximately 418 million Kuwaiti Dinars, raising the book value based on the fair value per share to 727 Fils.

## Board of Directors Recommendations

The Board of Directors proposed allocating a remuneration for the board members for the year 2024 in the amount of KD. 120,000 (one hundred twenty thousand Kuwaiti Dinars) for the year 2023, subject to the approval of the annual general assembly of the Company's shareholders.

The Company's Board of Directors has also approved the recommendation to distribute cash dividends of 15 Fils per share and to distribute bonus shares amounting to 5% of the issued and paid-up capital (5 shares for every 100 shares) for the year 2024 (15% cash and 5% bonus shares for the year 2023). This proposal is subject to the approval of the annual general assembly of the company's shareholders recorded in the Company's registers at the end of the entitlement date.

## Honorable Shareholders,

In conclusion, I would like to express my sincere thanks and appreciation to the esteemed shareholders, the members of the Board of Directors, the executive team, and all the employees of the Company across its various departments for their diligent work and continuous efforts to overcome challenges and achieve the goals, objectives, and vision of the Company.

May God grant us all success in serving this generous country under the leadership of His Highness Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, the Amir of the State, and His Highness Sheikh Sabah Khaled Al-Hamad Al-Sabah, the Crown Prince. We extend to them our most heartfelt expressions of gratitude, appreciation, and praise.

May God protect Kuwait and its people from any harm, and we wish everyone continued health, well-being, and unity for the advancement of our beloved homeland.

Please accept highest respect and admiration,

**Ghazi Fahad Alnafisi**

Chairman

# Corporate Governance Report

## Formation of the Board of Directors

The Board of Directors of Salhia Real Estate Company consists of (8) members, as per the following table:

| Name | Member Classification (Executive/Non-Executive/ Independent), Secretary | Date of Election / Appointment of the Secretary |
|---|---|---|
| **Ghazi Fahad Alnafisi**<br>Chairman | Non-Executive | 17/3/2022 |
| **Faisal Abdulmohsen Al-Khatrash**<br>Vice Chairman | Non-Executive | 17/3/2022 |
| **Anwar Abdulaziz Al-Usaimi**<br>Board Member | Non-Executive | 17/3/2022 |
| **Abdulaziz Ghazi Alnafisi**<br>Board Member<br>Chief Executive Officer | Executive | 17/3/2022 |
| **Youssef Eissa Al-Othman**<br>Board Member | Non-Executive | 17/3/2022 |
| **Abdulrahman Abdulaziz Al-Babtain**<br>Board Member | Independent | 17/3/2022 |
| **Marzouq Fajhan Al-Mutairi**<br>Board Member | Independent | 17/3/2022 |
| **Saud Ahmed Al-Zabin**<br>Board Member | Non-Executive | 17/3/2022 |
| **Muhammad Khalil Al-Musaibeeh** | Secretary | 12/5/2014 |

# Qualifications and Background Experience of Salhia Real Estate Company's Board Members

## Mr. Ghazi Fahad Alnafisi - Chairman

Mr. Ghazi Alnafisi is a founding member of Salhia Real Estate Company since its establishment back in 1974. He is a holder of Aviation Engineering Diploma from Chelsea College for Aeronautical Engineering - London - Britain, June 1965. His tenure as the chairman of Salhia Real Estate Company was renewed on 17/03/2022, and he is currently holding the post of chairman of the executive committee in the Company. Mr. Ghazi Alnafisi has been presiding over the board of directors of Kuwait Hotel Owners Association since 1979 till this date. Moreover, he is a founding member of the Petroleum Independent Group, founded in 1975, where he holds the post of vice-chairman. In 2017, Mr. Ghazi Alnafisi was appointed as chief executive officer for Assima Real Estate Company.

His experience extends to working in many companies, including Azzad Trading Group Company, where he has held the position of Chairman since 1994. He also held the post of chairman of the Gulf Investment Company in Bahrain, and chairman and managing director of the National Investments Company - Kuwait during the period 1986 to 1996. Mr. Ghazi Alnafisi was a member of the board of directors of Kuwait National Petroleum Company (KNPC) from 1971 to 1976. He has also held several key positions in Kuwait Aviation Fueling Company from 1967 to 1976.

## Mr. Faisal Abdulmohsen Al-Khatrash - Vice Chairman

Mr. Faisal Al-Khatrash has assumed the position of Vice Chairman of Salhia Real Estate Company since 1981, and his tenure was renewed at the last elections of the Board of Directors on 17/03/2022.

Mr. Faisal Al-Khatrash holds a bachelor's degree in military sciences, which he acquired in the year 1967. He was an officer in the Kuwait Army until 1974. Moreover, he has been holding the post of Vice Chairman of the International Investor Company since 2003. His experience includes key positions in several institutions in Kuwait, including the post of Vice Chairman of Kuwait Finance House from 1982 to 1993. In addition, he assumed the post of Managing Director of Kuwait Foreign Trading, Contracting and Investment Company from 1974 to 1982.

## Mr. Anwar Abdulaziz Al-Usaimi - Board Member

Mr. Anwar Al-Usaimi joined the Board of Directors of Salhia Real Estate Company in 1981 and assumed the post of Chief Executive Officer of the Company from 1997 to 2022. He was re-elected as a Board member on 17/03/2022. Moreover, he is currently a member of the Company's Nominations and Remunerations Committee, the Executive Committee, and the Risk Management and Internal Audit Committee.

Mr. Anwar Al-Usaimi holds a bachelor's degree in administrative sciences from USA (Emporia Kansas State College), which he attained in the year 1976. He possesses vast experience in banking, financial and administration fields inside and outside of Kuwait. Currently, he is assuming the post of Board Chairman of the Assima Real Estate Company and is a member of the Board of Directors of Haddia Holding GmbH (Germany) and KPI Company (UK). Furthermore, he is a member of the Board of Directors of several companies and banks in Kuwait, including the Commercial Bank of Kuwait and the International Investor Company. Furthermore, he was the Vice Chairman and Managing Director of Pearl of Kuwait Real Estate Company and Vice Chairman of the Board of Directors of the Kuwait Lebanese Real Estate Development Company.

## Mr. Abdulaziz Ghazi Alnafisi - Board Member & Chief Executive Officer

Mr. Abdulaziz Alnafisi joined the Board of Directors of Salhia Real Estate Company in 2005. He is currently assuming the post of Chief Executive Officer of the Company, and was re-elected to the Board membership on 17/03/2022, and is currently a member of the Executive Committee in the Company.

Mr. Abdulaziz Alnafisi holds a master's degree in business administration from the United Kingdom (City University - London), which he acquired in the year 2002. He also holds a bachelor's degree in accounting and Middle Eastern affairs from the USA (Northeastern University - Boston, MA), which he attained in year 1997.

He is the Chairman of Kuwait Packing Materials Manufacturing Company and Vice Chairman of the Assima Real Estate Company. Furthermore, he is also assuming the post of Vice Chairman of Salhia International Entertainment Centers Company, and he is a co-founder and Board member of Crossbridge Capital Limited, London, UK.

## Mr. Yousef Eissa Al-Othman - Board Member

Mr. Yousef Al-Othman joined the Board of Directors of Salhia Real Estate Company in 1992. He was re-elected to the Board membership on 17/03/2022. Currently, he assumes the post of Chairman of the Risk Management and Internal Audit Committee as well as the Nominations and Remunerations Committee in the Company.

Mr. Yousef Al-Othman holds a bachelor's degree in business administration from Kuwait University, which he attained in the year 1975. He possesses several certificates and scientific and professional courses in the field of administration from institutions inside and outside Kuwait. He is currently the Chairman and Chief Executive Officer of Al Bustan Real Estate Company and Al Mirror Holding Company, as well as the General Manager of both Al-Othman and Al-Zamel General Trading & Contracting Company and Essa Al-Othman General Trading & Contracting Establishment.

## Mr. Abdulrahman Abdulaziz Al-Babtain - Board Member

Mr. Abdulrahman Al-Babtain joined the Board of Directors of Salhia Real Estate Company in 2010. He was re-elected to the Board membership on 17/03/2022 and is currently a member of the Risk Management and Internal Audit Committee in the Company.

Mr. Abdulrahman Al-Babtain received his bachelor's degree in business administration from Kuwait University in 1990. He is the Vice Chairman of Abdulaziz Saud Al-Babtain Company and a member of the Board of Directors of Murabhat Investment Company. Earlier, he held the post of Assistant Manager at Gulf Investment Corporation between 1993 and 1998, and before that, he was a member of the Board of Directors of Gulf Franchising Company and Safat Dairy Company.

## Mr. Marzouk Fajhan Al-Mutairi - Board Member

Mr. Marzouk Al-Mutari joined the Board of Directors of Salhia Real Estate Company in 2002. He was re-elected to the Board membership on 17/03/2022 and is currently a member of the Nominations and Remunerations Committee and the Risk Management and Internal Audit Committee in the Company.

Mr. Marzouk Al-Mutari holds a bachelor's degree in accounting from the USA (University of Central Flordia), which he attained in the year 1996. He is currently the Chairman of the board of directors of Tharwa Investment Company - Kuwait. He was a Board member of First Investment Company from 2004 to 2014, and a Board member of the Livestock Transport and Trading Company from 2004 to 2013. Mr. Marzouk Al-Mutairi possesses vast financial and investment experience, mainly in establishing and managing investment portfolios. He has also contributed in establishing the Markaz Real Estate Fund.

## Mr. Saud Ahmad Al-Zabin - Board Member

Mr. Saud Al-Zabin joined the Board of Directors of Salhia Real Estate Company in 2013. He was re-elected to the membership of the Board on 17/03/2022.

Mr. Saud Al-Zabin holds a bachelor's degree in economics from the USA (Old Dominion University). He held several posts during his tenure at Zain Telecommunication Company from 2005 to 2013. Currently, he is the Board Chairman of Overseas Links Company, which he assumed in 2013. He is also the Board Chairman of DDR Performance Company, a specialized and leading factory in the field of car spare parts for vehicles of high performance. Furthermore, he is a Board member of two companies in Egypt.

## Mr. Mohammad Khalil Al-Musaibeeh - Board Secretary

Mr. Mohammad Al-Musaibeeh joined Salhia Real Estate Co. in 1998. He was appointed as secretary of the Board of Directors of Salhia Real Estate Company on 12/05/2014 and held the post of Board Secretary before that.

He holds a bachelor's degree in accounting from Egypt (Cairo University), which he received in year 1998. In addition to that, he has obtained several professional certificates, including ABA - CIDA - CTA - CST, and currently holds the position of Finance, Accounting and HR Group Head at Salhia Real Estate Company. He is also a Board member of the Assima Real Estate Company and Salhia International Entertainment Centers. Mr. Mohammad Al-Musaibeeh possesses several experiences and attended numerous courses in the fields of accounting, finance, audit, and investment. He was a member of many committees in the Kuwait Accountants and Auditors Society and was a Board member of the same society during the period from 2011 to 2014. He was a member of the Standing Technical Committee for laying down accounting rules and auditing charts in the Ministry of Commerce and Industry, as a representative of the Kuwait Accountants and Auditors Society.

## Members' Attendance of the Board Meetings

The board of directors of Salhia Real Estate Company held (7) meetings during the year 2024. The table below reflects the details of those meetings and the number of meetings attended by each board member:

| | Meeting No. (1/2024) Dated 07/02/2024 | Meeting No. (2/2024) Dated 13/05/2024 | Meeting No. (3/2024) Dated 12/06/2024 | Meeting No. (4/2024) Dated 08/08/2024 | Meeting No. (5/2024) Dated 16/09/2024 | Meeting No. (6/2024) Dated 24/09/2024 | Meeting No. (6/2024) Dated 24/09/2024 | Number of Meetings |
|---|---|---|---|---|---|---|---|---|
| **Ghazi Alnafisi** Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | X | ✓ | 6 |
| **Faisal Al-Khatrash** Vice Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 |
| **Anwar Al-Usaimi** Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 |
| **Abdulaziz Alnafisi** Member | ✓ | X | ✓ | ✓ | X | X | ✓ | 4 |
| **Youssef Al-Othman** Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 |
| **Abdulrahman Al-Babtain** Independent Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 |
| **Marzouq Al-Mutairi** Independent Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 |
| **Saud Al-Zabin** Member | ✓ | ✓ | ✓ | ✓ | X | ✓ | ✓ | 6 |

* If the Board Member attended the meeting, a ✓ has been inserted.

## Recording, Coordinating and Keeping Minutes of the Board of Directors' Meetings.

The Secretary of the Board of Directors prepares a special register for the minutes of Salhia Real Estate Company's Board meetings, as well as special registers for the meeting minutes of the Risk Management and Audit Committee, the Nominations and Remuneration Committee, and the Executive Committee of the Board. Each register contains details about the meeting agenda, date, venue, and start and end times. Each meeting is kept with a serial number according to the year, and special files are prepared in which the minutes of meetings and the discussions and deliberations that took place are kept.

The members of both the Board of Directors and the committees are furnished with the meeting agenda along with pertinent documents well in advance, allowing them adequate time to review the agenda items. All attendees sign the minutes of the meetings, and the minutes for votes conducted by circulation are also signed by all members. The Secretary is responsible for facilitating communication and distributing information among the members and the other stakeholders.

## Board of Directors Business Charter

The approved Business Charter for the Company's Board of Directors stipulates that the Board of Directors bears full responsibility for Salhia Real Estate Company, including setting the Company's strategic objectives, risk strategy, and governance standards, in addition to the responsibility for supervising the Executive Management and preserving the interests of shareholders, creditors, employees and all stakeholders. In addition to ensuring that management of the Company is carried out in a prudent manner and within the frame of the laws and directives in force by the regulatory authorities, as well as the Company's Articles of Association, Regulations and Internal Policies. The following is an overview of the general duties of the Board of Directors:

- The Board of Directors of Salhia Real Estate Company assumes all powers and authorities necessary to manage the Company without surpassing the specialties of the General Assembly. The responsibility of the Board remains in force for all Committees emanating from it, in addition to preparing the annual report that follows the Company's annual General Assembly, which must include the information and data related to the Company's activity as well as its financial position, results of operations and extent of compliance with the rules of governance.
- The Board of Directors performs its duties with diligence, honesty, seriousness and attention, and its decisions must be based on sufficient information provided by the Executive Management or any other credible source. The Board of Directors may delegate some of its powers, yet such delegations must not be general or open-ended, and the Board's responsibility shall remain in force towards any delegation issued by his authority.
- Ensuring that Executive Management provides the existing and prospective shareholders and the investment community with all information about the Company's business, activities and main developments. In addition to ensuring that the annual report and financial reports that are published and forwarded to the Shareholders reflect the real situations of the Company.
- Each board member is a representative of all shareholders and must work towards achieving the best interests of the Company and its Shareholders.

## Policies and Procedures Organizing the Work of the Executive Management

The Board of Directors has endorsed the Work Manual, policies and procedures organizing the work of all Departments and Executive Groups inside the Company. Each Work Manual contains all the duties performed by each Executive Department in detail as per the strategic objectives set by the Board of Directors and the Internal Regulations of the Company. Moreover, such policies explain all obligations of the Executive Department and the Executive Officer considering the responsibilities entrusted to them by the Company's Board of Directors.

## Board of Directors Achievements During Year 2024

The Board of Directors of Salhia Real Estate Company is dedicated to follow up on the implementation of the strategic plans and objectives it has set, and to constantly communicate with the Executive Management to achieve those strategies. Moreover, the Board of Directors attaches great importance to the Corporate Governance standards, not only to carry out the duties required of it but also a desire to make those standards a work method and strategy within the Company. During the past year, several achievements were made by the Board in these areas, and we present here an overview of the most important of them as follows:

1- Discussion and approval of the annual work plan for the company's Board of Directors meetings.

2- Endorsed Salhia Real Estate Company's annual reports on (Corporate Governance, Remunerations, Audit Committee, and Social Responsibility).

3- Periodically reviewed the Company's projected financial results and compared them with the issued financial statements.

4- Endorsed Salhia Real Estate Company's interim and annual financial statements.

5- Recommended to the Company's General Assembly to approve the cash dividends and bonus shares to the shareholders.

6- Recommended to the Company's General Assembly to approve designating the sum of 100 thousand Kuwaiti Dinars as donations during the coming year.

7- Followed up all legal cases of the Company and met with the Company's legal advisors to know about the status of all lawsuits.

8- Supervised the process of evaluating the performance of the law firms and external legal advisors servicing Salhia Real Estate Company, and approved the evaluation results and endorsed the necessary recommendations.

9- Approved the reappointment of the Company's external auditor namely M/s. Al-Aiban & Al-Osaimi Office "Ernst & Young".

10- Reviewed the Management's presentation on the success of supporting the Company's share and the increase in its trading volume at the Kuwait Stock Exchange during the past year and upgraded the Company's share to the Primary Exchange Market.

11- Endorsed the bank facilities and joint guarantees necessary for the Assima project.

12- Continued lending support to the strategy of the Company's Management aiming at realizing the required liquidity size for trading the Company's shares listed on the Stock Exchange.

13- Endorsed the amendments of some policies and procedures approved previously by the Board of Directors of Salhia Real Estate Company.

14- Approved the Integrated Report on the business of Salhia Real Estate Company.

15- Held regular meetings with the senior officers of the Risk Department and the Consultancy Office, to discuss the results of the phases of evaluating the Risk Department.

16- Endorsed the register of the procedures for following up the Risk Department, which are acceptable to Salhia Real Estate Company.

17- Performed general supervision on applying the rules of Corporate Governance and the Internal Control procedures effectively within the Company.

18- Reviewed the recommendations issued by the Audit Committee, and the results of discussing the internal audit reports, and also examined the summary of results of the Committee's works.

19- Reviewed the reports and recommendations issued by the Nomination and Remunerations Committee and supervised the works of the Committee on the process of the annual evaluation of members of both the Board of Directors and the Executive Management.

20- Endorsed the minutes of meetings and decisions issued by the Executive Committee regarding the activities of the Company's Departments.

21- Participated in a training course titled "Leading the Sustainable Future", prepared and conducted by the Seattle International Training Institute.

22- Discussed and followed up the latest developments of the Assima project, and the progress of the leasing activities.

23- Approved increasing the credit facilities limit signed between Assima Real Estate Company and Kuwait Finance House to an amount of 80 million Kuwaiti dinars, with Salhia Real Estate Company acting as the guarantor of the contract.

24- Approved Salhia Real Estate Company signing an Islamic banking facility contract worth 70 million Kuwaiti dinars (a lease contract with an option to purchase) to buy Anwar Al-Sabah lands.

25- Followed-up the developments in the expansion project of Salhia Commercial Complex (formerly Anwar Al-Sabah).

26- Adopted the credit risk study prepared for the expansion project of Salhia Commercial Complex.

27- Reviewed the latest property valuations of the lands of Salhia Commercial Complex Expansion Project.

28- Approved completion of the sale transaction of Plot No. 3 of the lands of Salhia Commercial Complex Expansion Project, "formerly Anwar Al-Sabah", to the United Family Company (which is 100% owned by the Chairman of the Board).

29- Approved the proposal to increase the capital of the Assima Real Estate Company.

## Committees Emanating from the Board of Directors

The Board of Directors of Salhia Real Estate Company has formed the necessary number of specialized committees in accordance with the Corporate Governance rules issued by the Capital Markets Authority, where the Board performs its work duties supported by three specialized committees. The following are details about these committees:

### First: Risk Management and Internal Audit Committee

### Committee Duties:

After obtaining the Capital Markets Authority's approval, the Risk Management Committee and the Internal Audit Committee were merged into one committee. The Board of Directors has endorsed the Internal Regulations of the committee, which defines its duties, objectives and responsibilities. The Risk Management and Internal Audit Committee works to establish a culture of compliance and enhance the performance efficacy within the Company, by analyzing the nature and size of risks facing the Company with the aim to limit its impact as much as possible, guarantee the safety and integrity of the financial reports, and ensure adequacy and effectiveness of the applied internal control systems.

## Committee Formation

TThe Board of Directors has set up the Risk Management and Internal Audit Committee, where it must have at least three members of which at least one is an independent member. The Chairman of the Board of Directors and any other executive Board member may not serve on the Committee. The Committee's member must hold scientific credentials and practical experience suitable to the function of the Committee and must be knowledgeable of the necessary financial, accounting and administrative matters.

The Board of Directors determines the term of membership for the Committee members, and the method of its work, where the term of membership of the Committee members ends with the end of their term of membership in the Board of Directors. The Board of Directors of Salhia Real Estate Company has endorsed the formation of the Risk Management and Internal Audit Committee as follows:

| Members of Risk Management and Internal Auditing Committee | | | Formation Date |
|---|---|---|---|
| Committee Chairman | **Mr./ Youssef Eissa Al-Othman** | Board Member (Non-Executive) | 17/03/2022 |
| Committee Member | **Mr./ Anwar Abdulaziz Al-Usaimi** | Board Member (Non-Executive) | 17/03/2022 |
| Committee Member | **Mr./ Marzouq Fajhan Al-Mutairi** | Board Member (Independent) | 17/03/2022 |
| Committee Member | **Mr./ Abdulrahman Abdulaziz Al-Babtain** | Board Member (Independent) | 17/03/2022 |

The committee has held (9) meetings during year 2024, and its key achievements are mentioned below:

1- Endorsed the annual Internal Audit plan for the Company's departments and groups during the year.

2- Reviewed the annual and quarterly financial statements of Salhia Real Estate Company and discussed them with the External Auditor.

3- Reviewed the Internal Auditor's reports on the Company's groups and departments and responded to the remarks stated in these reports.

4- Recommended reappointment of the Company's External Auditor and nominated M/s. Al-Aiban and Al-Osaimi Office "Ernst & Young".

5- Endorsed the annual performance evaluation of the Company's Internal Auditor and External auditor.

6- Endorsed the report of evaluating and reviewing the Internal Control Systems (ICR) of Salhia Real Estate Company.

7- Discussed regularly the register of reviewing the procedures of Risk Management in the Company.

8- Reviewed the summary of the lawsuit and legal actions related to Salhia Real Estate Company.

9- Prepared the annual report on the Committee's activity and listed it among agenda items for the Company's annual General Assembly.

10- Reviewed the real estate evaluations for the lands of the Salhia Commercial Complex Expansion Project (formerly Anwar Al-Sabah lands).

11- Discussed the Credit Risk Management study for Salhia Commercial Complex Expansion Project.

12- Reviewed the summary of the Electronic Disclosure System XBRL and requested from Ernst & Young Office "Al-Aiban & Al-Osaimi" to provide services related to the said System.

13- Reviewed the Field Inspection report from the Capital Markets Authority team on Salhia Real Estate Company.

14- Approved the proposed work plan of the Audit and Risk Management Committee for the upcoming year.

15- Reviewed the (Risk Strategy Report, Risk Framework, Risks Registers, Risk Tendency and Tolerance Statement Report) for Salhia Real Estate Company, prepared in cooperation with Baker Tilly Consulting Office.

## Second: Nominations and Remunerations Committee

## Committee Duties:

The Board of Directors of Salhia Real Estate Company has approved the formation of the Nominations and Remunerations Committee, in accordance with the regulatory requirements for forming the committee. The Board has also ratified the Committee's Internal Regulations, which define its duties, objectives and responsibilities. With the aim to enhance the effectiveness of work and productivity, by participating in selecting the necessary competencies for the Board of Directors and the Executive Management and providing recommendations to the Board of Directors regarding the required skills and experiences that contribute towards realizing the Company's vision and objectives as well as protecting the interests of the shareholders and investors in line with the approved policies and standards. Moreover, the Committee carries out the task of preparing the recommendations regarding developing the policy of granting remunerations and compensations to the Board members and Senior Executives in the Company.

## Committee Formation

The Board of Directors has set up the Nominations and Remunerations Committee, comprising at least three members, of which at least one is an independent member. The Chairman of the Committee must be from the non-executive Board members, and the Chairman of the Board of Directors may not serve in this Committee. The Committee's member must hold an adequate scientific credential and must be knowledgeable of all financial and administrative matters as well as the nature of the Company's business.

Membership of the Committee members is specified for three years or the same term as the Board of Directors, whichever is lesser. The Board of Directors of Salhia Real Estate Company has endorsed the formation of the Nominations and Remunerations Committee as follows:

| Members of Nominations and Remunerations Committee | | | Formation Date |
|---|---|---|---|
| Committee Chairman | **Mr./ Youssef Eissa Al-Othman** | Board Member (Non-Executive) | 17/3/2022 |
| Committee Member | **Mr./ Anwar Abdulaziz Al-Usaimi** | Board Member (Non-Executive) | 17/3/2022 |
| Committee Member | **Mr./ Marzouq Fajhan Al-Mutairi** | Board Member (Independent) | 17/3/2022 |

The Committee has held (2) meetings during the year 2024, and its key achievements are outlined here below:

1- Supervised conducting an annual evaluation of the members of the Board of Directors, the Executive Management and the employees in the Company.

2- Endorsed the results of the annual performance evaluation of the Board of Directors and its committees, as well as the performance of the Chief Executive Officer and the Secretary.

3- Discussed the remunerations for the Board Chairman, the Board members and the subordinate Committees, and submitted recommendations to the Board of Directors to endorse the same.

4- Submitted the necessary recommendations to the Board of Directors regarding the remunerations for the Chief Executive Officer, the members of the Executive Department and the Company's employees.

5- Prepared the annual report together for all remunerations granted within the Company and listed the same among the agenda items for the Company's General Assembly.

6- Endorsed the annual report on Corporate Governance.

7- Sanctioned the results of applying the Key Performance Indicators (KPIs) prepared by the Al-Soor Consulting Office on evaluating the performance of the Company's Executive Management on an annual basis, and furnished recommendations on the same to the Board of Directors.

8- Recommended promoting Mr. Muhammad Khalil Al-Musaibeeh to the position of Head of the Financial and Accounting Group and Human Resources at Salhia Real Estate Company.

9- Changed the job title of Mr. Tarek Al-Munayes to Manager of the Computer Department and approved the amended organizational structure of the Computer Department.

## Third: Executive Committee of the Board of Directors

### Committee Duties:

The Board of Directors of Salhia Real Estate Company approved setting up the Executive Committee for the Board of Directors. The Board also endorsed the Committee's formation as well as its work charter, which outlines the Committee's duties, goals and responsibilities. The Executive Committee was formed to assist the Board of Directors in carrying out its responsibilities towards the Company's business and its Executive Management from all financial, accounting, administrative and human resources aspects, as well as the activities of managing the investment, real estate and construction.

### Committee Formation

The Board of Directors has set up the Executive Committee by appointing at least three members therein, of which one is a non-executive Board member. The term of membership in the Committee lasts for three years or until the end of membership in the Board of Directors, whichever is lesser. The Board of Directors of Salhia Real Estate Company endorsed the formation of its Executive Committee as follows:

| Members of the Board Executive Committee | | | Formation Date |
|---|---|---|---|
| Committee Chairman | **Mr./ Ghazi Fahad Alnafisi** | Chairman of the Board ( Non-Executive) | 17/3/2022 |
| Committee Member | **Mr./ Anwar Abdulaziz Al-Usaimi** | Board Member (Non-Executive) | 17/3/2022 |
| Committee Member | **Mr./ Abdulaziz Ghazi Alnafisi** | Board Member Chief Executive Officer | 17/3/2022 |

The Committee held (4) meetings during year 2024, and its key achievements are outlined here below:

1- Approved the lease contracts' proposals, renewal, settlement and termination. Also, undertook the necessary procedures for the existing lease contracts in the Company's real estate, and endorsed the alteration orders in the Company's properties and projects during the year 2024.

2- Approving waiving certain rent payments for a certain number of tenants.

3- Approving the Company's Hotels procedures for the year 2024.

4- Endorsed the results of the annual performance evaluation for the non-executive employees in Salhia Real Estate Company.

5- Approved the annual increments, remunerations and allowances for the non-executive employees in Salhia Real Estate Company.

## Mechanism for the Members of the Board of Directors to Obtain Accurate and Timely Information and Data

Salhia Real Estate Company has provided mechanisms and tools that enable members of the Board of Directors to obtain the required information and data in a timely manner, through developing the information technology environment within the Company, creating direct communication channels between the secretariat of the Board of Directors and members of the Board, as well as providing reports and discussion topics for the meetings with sufficient time to discuss them and make decisions about them.

The Board of Directors has approved a Manual that contains all mechanisms to obtain the information. The Manual also illustrates all procedures and policies that enable the Board members to obtain the information properly.

# Report on The Remunerations Granted to Board Members and Executive Management

## Summary of the Remunerations and Incentives Policy in the Company

The Remunerations Policy adopted by the Board of Directors of Salhia Real Estate Company reflects the desire to retain the competencies that the Company brings into the Board of Directors, the Executive Management and the managers. The established remunerations and incentives segments enjoy a competitive advantage among the various existing experiences and skills, in addition to the availability of an element of attraction to join the Company from all competencies in the market, which has had a great impact in achieving the best results for the objectives and strategies that the Board of Directors is working to implement in the long-term, medium-term and short-term.

The Company's Nominations and Remunerations Committee works within the framework of that policy, as it recommends the remunerations prescribed to the members of the Board of Directors, Executive Management, and managers based on the procedures specified by the Remunerations Policy, in addition to the performance standards, the Company's success in achieving the objectives, and the volume of profits achieved.

### Implementing the Company's Remunerations Policy:

- The Nominations and Remunerations Committee emanating from the Board of Directors manages the process of granting remunerations within the Company, starting with the performance evaluation and ending with preparing the final report on the total remunerations granted, provided that the Board of Directors bears full responsibility for making final decisions regarding the adoption of all incentives, allowances and remunerations.
- The Board of Directors, represented by the Nominations and Remunerations Committee, conducts a periodic review of this policy and monitors its effectiveness or the need to make any amendment to it.
- **There were no deviations or material changes to the implementation of the Remunerations System and Mechanism in the year 2024 from the policy approved by the Board of Directors.**

### Disclosure of Granted Remunerations:

The Nominations and Remunerations Committee prepares a detailed list of all remunerations, benefits and allowances granted to the Chairman and members of the Board of Directors as well as the members of the committees emanating from the Board, which are the Risk Management and Audit Committee and the Nominations and Remunerations Committee. The list also includes details of the annual salaries, remunerations, allowances and benefits granted to the list of members of the Executive Management, which includes the Chief Executing Officer, the Director of Real Estate and Development Group, the Director of Finance, Accounting and Human Resources Group, the Assistant Director of Investment Group, and the Manager of Human Resources and Administrative Affairs Group.

The remunerations report was read out at the Company's Fifty-Third annual General Assembly, held on 17/04/2025, where the items of the report were approved.

State of Kuwait
Dated: 16/02/2025 AD

Nominations and Remunerations Committee
Salhia Real Estate Company

## Commitment to Soundness and Integrity of the Prepared Financial Reports

The Executive Management submits a written commitment to the Board of Directors of Salhia Real Estate Company regarding the soundness and integrity of the Company's financial reports, and that they cover all financial aspects of operational details and results and are prepared in accordance with International Financial Reporting Standards (IFRS). The Board of Directors also submits to the Company's shareholders an undertaking of the soundness and integrity of the financial statements and reports related to the Company's activity.

In addition, the Audit Committee is entitled, in accordance with the powers granted to it by the Board of Directors, to examine and review all information, details, reports, records and correspondences related to the Company's activities or risk management and other matters that the Committee deems important to be examined. Furthermore, the Board of Directors guarantees the committee and its members complete independence in this regard.

## Audit Committee Recommendations to the Company's Board of Directors

The Audit Committee is entitled, in accordance with the powers specified for it in the Committee's Function Charter, and in accordance with the powers and responsibilities outlined in the Corporate Governance Rules, to supervise, review and follow up on all the works of the Company's auditors and the internal audit activities, and other missions that ensure reinforcement of a culture of compliance and ensuring fairness and transparency of financial reports. In addition to insuring the effectiveness of the applied internal control systems, as the committee undertakes to submit regularly any observations or recommendations related to its function to the Board of Directors. **During the past year, there was no contradiction between the recommendations of the Audit Committee and the decisions issued by the Company's Board of Directors.**

## Independence and Impartiality of the External Auditor

The Board of Directors of Salhia Company has endorsed a policy for selecting the external auditor and ensuring its independence, as developed by the Audit Committee in accordance with current laws and regulations in the State of Kuwait. This policy establishes the framework within which the external auditor conducts its duties for the Company, and detailing the process for auditor selection, verification of independence, required competencies, and permissible services.

During the General Assembly of Salhia Real Estate Company, held on March 18, 2024, the appointment of Mr. Bader Adel Al-Abduljader from Al-Aiban & Al-Osaimi office "Ernst & Young" as the External Auditor for the Company's financial statements was approved. Mr. Bader Al-Abduljader is recognized for his reputation, integrity, and independence, qualifying him for this role. He is also listed among the auditors approved by the Capital Markets Authority.

## Company's Risk Management

Both the Compliance and Risk Management Officer and the Risk Management Committee at Salhia Real Estate Company, carry out the duties of monitoring and evaluating the Company's risk-related decisions. They work in conjunction with the external consultancy firm authorized by the Company to identify and measure risks.

The Board of Directors holds the primary responsibility for defining the Company's risk strategy and risk tendency, as well as for approving the risk management framework and ensuring ongoing oversight to achieve a balance between risks and anticipated returns.

## Internal Restraint and Control Systems

Salhia Real Estate Company relies on a set of restraint systems and control rules that cover all of the Company's activities and departments. These systems and rules work to maintain the integrity of the Company's financial position, the accuracy of its data, and the efficiency of its operations from various aspects. The Company's organizational structure reflects the restraints of dual control (Four Eyes Principles), which include proper identification of authorities and responsibilities, complete separation of duties, avoidance of conflicts of interest, dual examination and control, and dual signatures.

The Company's Board of Directors has commissioned an independent consulting office to carry out internal control and auditing activities for the groups and departments of Salhia Real Estate Company. The office operates as an advisory entity reporting to the Audit Committee and, subsequently, to the Company's Board of Directors directly. The office provides periodic reports to review and evaluate the internal control systems implemented within the Company. Accordingly, the Audit Committee reviews the work of the auditing office and discusses its reports in preparation for submission to the Board of Directors.

Additionally, another independent auditing office is responsible for preparing the Internal Control Report (ICR) on an annual basis in accordance with the requirements of the Capital Markets Authority.

## Manual of Professional Conduct & Ethical Values

The Board of Directors laid down a special manual for encouraging sound practices and ethical behavior and protection of long-term interests of all stakeholders. Among its most significant clauses are the following:

- Integrity ranks first in terms of priority in the Company's values, and it serves as the goal that guides its employees in everything they do. Therefore, focusing on integrity enhances the work style that is based on spreading ethics and making ethical decisions.

- Ethical orientation and behavior support value-based decisions when providing service to customers and while doing business. The Company is proud of doing what is not only in the interest of the business, but also in the interest of the stakeholders.

- To support these ideals, a manual for Professional Conduct and Ethical Values has been prepared and its goal is to assist members of the Board of Directors and the Company's Executive Management in performing their duties through a system whose pillars are based on ethical values. The principles and values in this manual constitute an integral part of the strict commitment that the Company seeks to maintain its reputation and the public's confidence in it.

## Company Policies and Procedures in Limiting Conflict of Interest Cases

As a part of corporate governance, the Company has developed a policy manual for conflicts of interest including the necessary methods and procedures for addressing and managing them. To comply with these requirements and to prohibit such behavior by members of the Board of Directors and Executive Management, and to separate personal interests from their official responsibilities in the Company.

The purpose of these policies is to assist the Company and each of its direct and indirect subsidiaries, members of the Board of Directors and Executive Management to determine the dissemination of the Company's organizational values and sound management methods for actual and potential conflicts of interest cases. These policies and procedures apply to all the Company's employees, suppliers, officials, and members of its Board of Directors.

## Disclosure & Transparency

The Company is committed to the regulatory directives for disclosing material information and the mechanisms for announcing it, which also meet the Company's legal and ethical requirements. The Company ensures that material information related to its activities, including the financial position and management performance, is disclosed to relevant parties in a timely manner, which helps them understand the Company's strategy and practices to facilitate the evaluation of its performance.

The Company adheres to the mechanism for disclosing material information established by the Authority through the electronic Stock Exchange website and communicates this announcement to the Authority. Additionally, the Company provides these disclosures on its official website by the end of the same business day and maintains an archive of these disclosures for the past five years, making them easily accessible at any time.

## Disclosures Register

The Company organizes the disclosure process for each of the members of the Board of Directors, Executive Management, and potential investors. As it maintains a special register that includes the disclosures of the Board members, Executive Management, and the Company's managers. The register includes all data related to remunerations, salaries, incentives, and other financial benefits granted directly or indirectly by the Company or its subsidiaries. All shareholders have the right to access the register during the Company's regular working hours without any fee or charge. The Company is also committed to updating this register periodically to reflect the actual status of the related parties.

## Investors Relations

The Company is committed to establishing policies and procedures that fairly represent the Company so that current and potential investors are informed of the investment decisions. The Investors Relations Department has the necessary independence and works to provide data, information, and reports promptly and with the required accuracy through recognized disclosure channels.

## Information Technology Infrastructure in the Company

The Company has updated its website and established a dedicated section for Corporate Governance. Through this website, Salhia Real Estate provides all information about the Company, its subsidiaries, associated companies, and projects both domestically and internationally. It also provides various financial and non-financial data and reports, which are updated regularly.

## General Rights of Shareholders

According to the Company's Manual for Protecting the Rights of Stakeholders and Shareholders, all shareholders enjoy general and clear rights including the recording of the value of owned shares in books of accounts as well as registration, transfer, and change of ownership of shares, receipt of dividends, receipt of portion of the Company's assets in the event of its liquidation. They also have the right to receive information and data related to the Company's activities and operational and investment strategies in a timely manner, and to participate the Shareholders' General Assembly meetings and voting on its decisions. Furthermore, they have the right to elect members of the Board of Directors, monitor the performance of the Company in general and the Board of Directors in particular, hold the Board of Directors and the Executive Management accountable, and file accountability lawsuits in the event of failure to perform their assigned duties.

## Shareholders Register

There is also a special register for the Company that is kept by Kuwait Clearing Company, in which the names of shareholders, their nationalities, domicile, and number of shares they own are recorded. Any changes that occur to the data recorded in it are indicated in this register according to what the Company or Kuwait Clearing Company receives, and any interested party may ask the Company or the Clearing Company to provide him with data from this register.

## Meeting of the Company's General Assembly

Salhia Real Estate is keen to organize meetings of the Shareholders' General Assembly in accordance with the Corporate Governance rules and regulations governing it. The meeting agenda includes the minimum required items according to the rules, and the relevant data and information are provided to shareholders well in advance of the meeting. Shareholders are allowed to participate actively in the General Assembly meetings, discuss the items listed in the agenda, and ask questions. The Company also ensures that all shareholders can exercise their voting rights without any obstacles.

## Rights of Stakeholders

Salhia Real Estate Company has prepared policies and procedures to ensure the protection of stakeholders› rights and enable them to obtain legal compensations in the event of any violation of their rights, as outlined in the Corporate Governance rules. These policies also point out the Company's need to maintain positive working relationships and clarify the reporting of violations and receiving the complaints as well as the methods of dealing with them.

The Company strives, through various measures, to enhance stakeholders› contributions and participation in its activities. Such measures include the accurate and timely dissemination of all relevant information to stakeholders, considering the interests of these parties when making important decisions. Stakeholders are also given the opportunity to provide feedback on their experiences in dealing with the Company.

## Training Programs & Courses

The agenda of Salhia Real Estate Company's Board of Directors' meetings includes the item of ongoing training and qualification for members of both the Board of Directors and Executive Management. The Board has adopted a decision to provide specific training programs for its members and their responsibilities. Some examples that align with the latest administrative and financial developments and updates from regulatory bodies and other relevant aspects were proposed. These initiatives contribute to enhancing members' performance related to their assigned responsibilities. In the past year, Board members and Executive Management members participated in training programs and workshops.

The Board of Directors also approved an induction program for new and recently appointed members of the Board of Directors, as well as induction program for new members or recently joined members of the Executive Management. These programs contain the most significant information about the Company's strategy, financial and operational aspects of the Company's various activities, as well as the legal and regulatory obligations imposed on members of the Board of Directors and members of Executive Management, and the general framework of their duties and responsibilities and the rights available to them.

## General Framework for Evaluating the Performance of the Board of Directors and Executive Management

The Company has established clear mechanisms for conducting the annual evaluation process of the members of the Board of Directors and Executive Management, based on the concept of self and comprehensive evaluation by the members. The evaluation is conducted by the Nominations and Remuneration Committee and supervised by the Board of Directors. This evaluation relies on several objective indicators that measure overall performance in an impartial and objective manner, helping to avoid mistakes and rectify deficiencies that hinder the proper implementation of Governance procedures.

The Nominations and Remuneration Committee has also approved the implementation of the Key Performance Indicators (KPIs) for members of the Executive Management and has endorsed a proposal from a specialized consulting office to carry out the process of annually evaluating the performance of members of the Executive Management of the Company according to prepared models for this purpose. The results of this evaluation will be recommended to the Company's Board of Directors

## Corporate Values Among Employees of the Company

The Company has laid out in its Professional and Ethical Conduct Manual the fundamental principles upon which its policy is based to establish corporate values, on the understanding that the Company's reputation is built on the behavior of Board members, Executive Management, and employees. Everyone must play a role in maintaining the Company's reputation by adhering to the highest ethical standards. The Board of Directors is responsible for setting the standards and specifications for the Company's ethical values. Each member of senior management and employees must contribute to implementing this Manual as part of their job and moral responsibility and report any violations to the Board of Directors.

The Company's management has also prepared an "Employee Handbook" in accordance with the Labor Law in the Private Sector in the State of Kuwait. This Handbook has been distributed to all employees of the Company, containing guidelines and procedures followed by Salhia Real Estate Company, aimed at providing a clear picture of the employees' rights and obligations, which enhances the vital and essential role of the employee in delivering the highest quality services.

On another note, to reinforce the Board of Directors' commitment to establishing corporate values (Value Creation) within the Company, the Company has developed an Integrated Report as an effective tool to achieve its strategic objectives and consequently enhance corporate values. This annual report, submitted to the Board of Directors, includes key features outlined in the Corporate Governance rules that must be present in the Integrated Report, such as the approved business model of the Company, a summary of the risk size, an analysis of financial and operational performance for the previous year, in addition to the Company's future direction and vision.

## Social Responsibility

The Board of Directors at Salhia Real Estate Company is keen to adopt a clear manual on policies and procedures that balance between societal, environmental, and economic goals of the Company. The social responsibility manual highlights the Company's ongoing commitment to its societal and environmental responsibilities through behaviors and programs aimed at sustainable development for society in general and its employees in particular. This is accomplished through initiatives aimed at improving the living conditions of workers and their families and society, working to reduce the unemployment rate, and minimizing the waste of environmental resources.

The Company aims to enhance the concept of management by integrating contributions to solving social and environmental problems within its operations and relationships with stakeholders. Corporate social responsibility paves the way for the Company to achieve a balance between economic, environmental, and social necessities while also meeting the expectations of shareholders and stakeholders, contributing to addressing societal issues and helping to resolve them, thereby improving the Company's reputation and strengthening its brand. However, the concept of social responsibility goes beyond this.

Over the past year, Salhia Real Estate Company has made numerous efforts in the field of social responsibility, which varied among different social, environmental, and youth activities, among others. Salhia Company has sponsored many exhibitions and youth events, and the Company's complexes were open for hosting these activities, along with charitable initiatives and financial and in-kind support for several social institutions within the State of Kuwait.

# Social Responsibility Report 2024

## (Take Action) Campaign, College of Medicine - Kuwait University

**February 08:** The campaign aims to raise awareness about the importance of first aid and how to intervene quickly for treatment, attracting over 2,000 participants during the exhibition held at the Assima Mall.

## Support and Promotion of the National Product "Public Authority for Industry"

**February 11:** In support of the Public Authority for Industry initiative, the Company hosted the campaign that aims to develop a national sense towards the local product and encourage purchasing needs from local industries.

## Awareness Campaign for Epilepsy "Dar Al-Shifa Hospital"

**February 14:** Awareness campaign by Dar Al-Shifa Hospital to raise knowledge of epilepsy and how to recover from it and ways to provide treatment to all persons who need it.

## World Autism Day

**March 08:** In support of the efforts of the Kuwait Autism Society, the Company hosted the association's activities on World Autism Day at the Assima Mall, which aims to raise awareness of this group and understand their needs and ways to deal with them.

## Charity Campaign for Cancer Patients "Patients' Aid Fund"

**March 18:** As part of the Company's efforts to provide support to respected charitable societies and entities, Salhia Real Estate Company hosted the Patients' Aid Fund Association campaign to support the cancer patients.

## Rohingya Refugee Support Campaign

**March 29:** The Company allocated a site to host the joint charity campaign during the holy month of Ramadan between the United Nations High Commissioner for Refugees and the International Charitable Society for Growth and Development to provide Rohingya refugees with relief food baskets, water and healthcare through mobile clinics and health centers, and basic education opportunities.

## "Eiditi" Campaign "Central Bank of Kuwait"

**March 30:** As is its annual custom, the Company hosted the Central Bank of Kuwait's Eid Notes withdrawal machines in the Assima Mall, out of its keenness to make this service accessible to Mall visitors.

## Charitable Projects during the Month of Ramadan "Namaa Charity Association"

**April 06:** A charitable initiative aims to provide Iftar for those fasting during the holy month of Ramadan in the State of Kuwait. The project provides Iftar meals for workers in various districts of Kuwait. The "Iftar for the Fasting People" project is an embodiment of the spirit of solidarity and cooperation in Kuwaiti society.

## (Art for All) Campaign - Loyac Theater Production Company

**April 15:** In support of the Palestinian issue, the Company facilitated the mission of the Loyac team to record an event in support of the children of Gaza.

## Awareness Campaign to Rationalize Electricity and Water Consumption (KNPC Company)

**June 08:** As part of its social responsibility, Salhia Real Estate Company hosted the Kuwait National Petroleum Company in its initiative to raise awareness about the rationalization of electricity and water consumption, through two phases in June and September.

## "Health & Beyond" Awareness Campaign

**July 01:** Aims to raise awareness about bad habits and common organic and psychological diseases in society. The Company hosted this event and another similar event for the same club.

## EXPO M Exhibition

**July 04:** To spread the culture of visual design and interior architecture in the Kuwaiti society, the Company supported the Via Club initiative at the College of Architecture in an exhibition dedicated to this purpose.

## Free workshops for the Scientific Clubs Program "Sabah Al-Ahmed Center for Talent and Creativity"

**July 15:** As part of a social initiative to provide training and consulting services in the field of technology, technical sciences, information security for individuals and institutions, and software using the latest technological and technical means, the Company hosted this program at the Assima Mall.

## The Dino Dentist Event

**September 12:** With the aim of helping children break barriers and overcome their fear of the dentist, the Children's Oral and Dental Health Awareness Team at the Ministry of Health held The Dino Dentist event.

## Awareness Campaign on Toxic Substances and Poisons

**September 17:** In support of its establishment, as the first center specialized in following up on poisoning cases in the country, providing advice and treatment plans, and monitoring toxic substances, the company hosted the first campaigns of the Kuwait Poison Control Center.

## Breast Cancer Awareness Campaign (Alia International Hospital)

**October 03:** As part of the activities of the World Breast Cancer Awareness Month, the Company, in cooperation with Al-Amal Al-Shifa Company, hosted the event to raise awareness and early detection methods of breast cancer.

## Sanad Volunteer Team "Multiple Sclerosis Patients Support Event"

**October 03:** For the second year in a row, the Company hosted this initiative at the Assima Mall, which provides support to those living with multiple sclerosis and provides vital information on managing multiple sclerosis, treatment options, and available resources.

## Sailing Exhibition Through Kuwait's History

**October 06:** An exhibition that evokes the past of fathers and grandfathers and the professions of diving and shipbuilding.

## Children's Event under the name "Smile to be happy"

October 17: As part of the charitable campaign initiative to provide winter supplies for children in areas suffering from humanitarian and economic crises, the Company allocated a site to support this charitable initiative.

## Psoriasis Awareness Event

**October 26:** The Company hosted an awareness event about psoriasis disease, with the aim of improving the general understanding of skin health, treatment methods and prevention.

## Art Exhibition (Sulaiman Abdullah Ali Al-Awadhi)

**November 21:** Salhia Real Estate Company hosted the works of the plastic artist Sulaiman Al-Awadhi with artistic paintings, with the entire proceeds of the sales going to support our people in Gaza.

## Two Art Exhibitions (Her Perfume Remains) (I am the Gulf Citizen)

**November 25:** In cooperation with the Educational Districts Administration in Farwaniya and Hawalli, the Company allocated its spaces in the Assima Mall to hold two art exhibitions under the titles "Her Perfume Remains" and "I am the Gulf Citizen" with the aim of showcasing student talents and encouraging children to participate in purposeful artwork.

## Lung Cancer Awareness Campaign

**November 03:** The Company supported the efforts of the Kuwait Oncology Association in the awareness campaign on lung cancer diseases and highlighted its direct link to smoking, through the event held at the Assima Mall.

## Humanitarian Event for Children

**November 29:** As part of a humanitarian initiative, and in support of the efforts of the International Islamic Charitable Organization, Salhia Real Estate Company allocated a space to host an event for children to write messages of solidarity to their peers in need.

## Community Service for World Heart Day "Watin Volunteer Team for Girls"

**December 29:** Participation in World Heart Day with educational and cultural activities dedicated to heart health, by allocating a space to host the initiative at Al-Rayah Center. The initiative aims to highlight the importance of nutrition, prevention, and following a healthy lifestyle.

# Report On Internal Control Systems

AL-SOOR Certified Public Accountants

السـور محاسبـون قانونيـون

The Board of Directors
Salhia Real Estate Company K.S.C.P
State of Kuwait

Dear Sirs,

**Report on Internal Control Systems in respect of Salhia Real Estate Company K.S.C.P ("the Company" or "Salhia")**

In accordance with our engagement letter dated 03 December 2024 with Salhia Real Estate Company K.S.C.P, we have examined the internal control systems of the Company, which were in existence for the year ended 31 December 2024. The divisions examined were as follows:

- Corporate Governance
- Real Estate &Facilities Management
- Real Estate Development
- Construction
- Investments
- Finance & Accounting
- Human Resources & Administration
- Information Technology
- Compliance
- Investor Relations Unit
- Risk Management
- Internal Audit Function
- Legal

Our examination has been carried out with respect to Article 6-9 of Module 15 - 'Corporate Governance' of the Executive By-Laws issued by the Capital Market Authority ("CMA").

We would like to indicate that you as Directors of the Company are responsible for establishing and maintaining adequate internal control systems of your Company, taking into account that the related cost of such systems to be commensurate with the benefits expected from implementation thereof. It shall be noted that the objective of this report is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that risks are properly monitored and evaluated, that transactions are executed in accordance with established authorization procedures and are recorded properly, and to enable you to conduct the business in a prudent manner, with care and caution.

Because of inherent limitation in any internal control system, errors or irregularities may nevertheless occur and not be detected or traced. Also, projection of any evaluation of the systems to future periods is subject to the risk that management information and control procedures may become inadequate because of changes in conditions or that the degree of compliance with those procedures may deteriorate.

In our opinion, having regard to the nature and size of the Company's business and operations for the year ended 31 December 2024, the internal control systems examined by us were established and maintained in accordance with the scope set out above with the exception of the matters set out in the respective areas of this report.

**Khaled Alahmad, CPA**
Certified Member No. 173-A Kuwait
Member of AICPA
Independent Member of GGI – Switzerland

State of Kuwait
09 February 2025

AL-SOOR Certified Public Accountants
GGI
INDEPENDENT MEMBER

GGI Geneva Group International
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# Audit Committee Report

# Audit Committee Report for the Fiscal Year Ended on December 31, 2024

## Introduction:

The Board of Directors of Salhia Real Estate Company assumes the duties of establishing and monitoring the control, audit and review systems within the Company. Nonetheless, the responsibility of the Board of Directors is not limited to approving the forms, policies and procedures of the audit only, but goes beyond that until the control systems represent a common behavior across the Company and adopted by all its members in the various departments.

## Internal Control Systems:

The Board of Directors has ratified the general policies and procedures for the internal audit systems that cover all activities of the Company and its departments, which also determine the Company's monitoring strategy as well as the responsibilities, duties and tasks of the Company's staff. The Audit Committee of the Board of Directors follows up on implementing those policies and procedures, whereby the Committee regularly holds periodic meetings to manage and measure the effectiveness of internal control systems. In addition, the Committee discusses the remarks and reports submitted to it according to the reporting path at the various levels of the Company in order to achieve double monitoring.

Furthermore, the Committee holds regular meetings with the internal auditor, where it discusses the reports related to the Company's various groups. In such meetings, discussions also cover all monitoring remarks made by the internal auditor as well as reviewing the remarks of the previous years and the extent of response to such remarks, with the aim to identify the risks and obstacles the Company may confront, as well as its importance and the attempts to avoid such risks. In addition to ensuring that the control functions of the Company's various groups are appropriately in place, along with the availability of the necessary and adequate human competencies and control tools to achieve effective internal control.

The Audit Committee also examines the proposed plan for the audit works inside the Company to ensure that the Committee is holding regular meetings according to predetermined agenda and dates. As such, the Committee exercises its authority to examine and approve the annual audit plan as well as all major changes to the policies and procedures of the internal control systems.

## Accuracy of the Financial Statements and Reports:

The Audit Committee performs its key role of review and supervision on the reports of the external auditors with respect to the Company's quarterly and annual financial statements before presenting them to the Board of Directors, as well as meeting with the auditors regularly for the purpose of ensuring accuracy of the Company's financial statements, and also the independence and integrity of the external auditor, whose opinion should remain independent and must be attached to the contents of the Company›s annual report.

## Regulatory Obligations:

In keeping with the requirements of the Capital Markets Authority, the Committee has taken the necessary steps to implement the requirements of corporate governance, which included update of the existing audit procedures, preparation of special records related to the Committee›s minutes of meetings as well as its decisions and agendas. In addition to mandating an independent audit office to carry out the evaluation and review of the internal control systems and preparing the internal control report to be submitted to the Capital Markets Authority on annual basis.

Regarding the Company's financial reports, both the Board of Directors and the Executive Management are obligated to furnish clear written assurances on the accuracy and integrity of the annual financial statements as well as the financial reports related to the Company's activity, and that they include all financial aspects of the Company and its operational results, and that they are prepared in accordance with international standards of financial reporting.

On-Site Supervision Department of the Capital Markets Authority conducted a periodic inspection on Salhia Real Estate Company in 2024 during the period from 29/09/2024 till 17/10/2024, where the inspection resulted in recording a note related to the Company's delay in notifying the Authority of an update made to the Company's Observers' List, a note about the Company's delay in disclosing some vital information, and a note related to providing the Board of Directors with the agenda of a meeting within a period of less than 3 working days. In response to the inspection findings, the Company replied to the results of the inspection process by clarifying the reasons and circumstances of the delay, and then the Capital Markets Authority directed the Company to avoid committing these control notes and not repeating them in the future.

In the end, the Audit Committee believes that the follow-up and supervision functions it has carried out, and the review procedures on the reports of the auditors and on the applied systems of internal monitoring and control systems, indicate that Salhia Real Estate Company has in place an appropriate control environment for its activities, that does not stand in the way of achieving its objectives, and that the Company is making progress in the effectiveness of the monitoring system as well as compliance with the laws and regulations issued by the regulatory authorities.

**State of Kuwait**

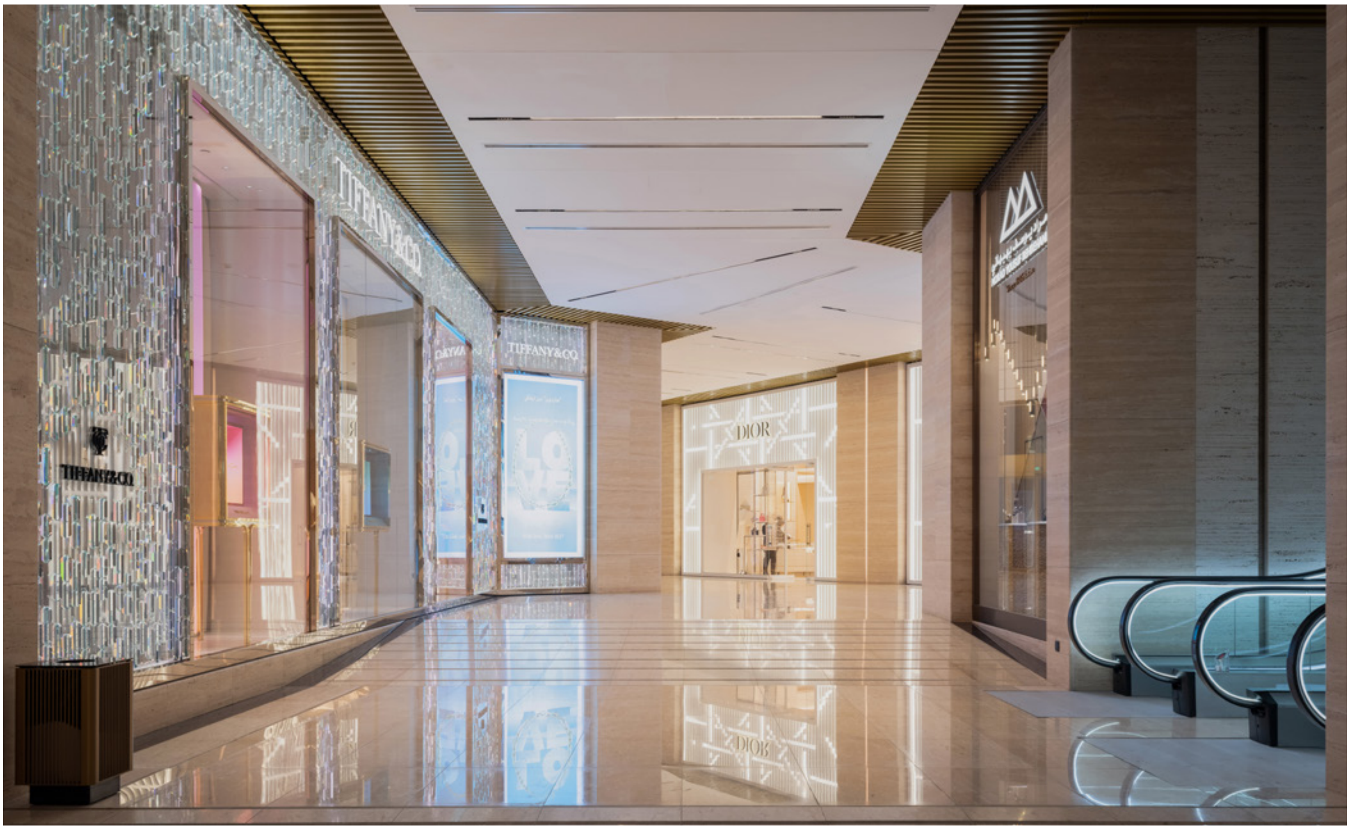
**Dated: 16/02/2025**

**Audit and Risk Management Committee**

**Salhia Real Estate Company**

# Report of The Board of Directors


Cartier
Chopard




# Local Investments

## Salhia

### Salhia Commercial Complex

The Al-Salhia Complex embraces a legacy spanning over 46 years and stands as the first project of the Salhia Real Estate Company since its founding. It was the first multi-purpose complex dedicated to retail business in the region. As a symbol of high-end commercial complexes in Kuwait and the Arabian Gulf region, Salhia Complex has become a major landmark and a key destination for visitors, representing the country›s civilized and real estate identity. With its refined design and superior craftsmanship, the complex continues to hold its esteemed position as one of the most luxurious commercial developments to this day.

The complex features three levels (ground floor, first mezzanine and second mezzanine), housing a distinctive selection of shops for renowned international brands, along with a variety of upscale cafes and restaurants. Above these spaces are five additional floors dedicated to commercial offices, covering an area of 25,500 square meters, which are home to prominent private companies, law firms, and government institutions.

Since its inauguration in 1978, Salhia Complex has preserved its elegance and leadership through ongoing development and modernization, enabling it to achieve full occupancy year after year while attracting high-profile tenants. Today, it remains one of Kuwait›s most luxurious commercial complexes, surrounded by three other key company-owned properties: Salhia Plaza, Sahab Tower, and JW Marriott Hotel.

The Company was keen to enrich this unique and distinctive shopping experience with luxury and sophistication in the Salhia Complex by adding a new part to the Complex, connecting the ground floor and first mezzanine to the ground and mezzanine floors of the JW Marriott Hotel building adjacent to the Complex, along with adding a new entrance to the Complex from Abdulaziz Al-Saqer Street to ensure easy access from the First Ring Road, and also providing a complete experience of combined luxury shopping and extravagant restaurants.

## Salhia Plaza

Salhia Plaza is strategically located at the main entrance to Salhia Complex, above the car parking lots, forming a vibrant space that includes a group of upscale international cafes and restaurants that have recently opened. The Plaza also includes a large square surrounded by green spaces decorated with flowers, making it an ideal destination for hosting and organizing various events and activities.

As part of the ongoing development, the Salhia Plaza facilities have recently been renovated by adopting a smart parking system, which facilitates the process of entry and exit and provides a smoother experience for visitors. The car parking lots have also been equipped with an electric car charging service, in addition to modern payment options such as smartphones and electronic watches, as well as a valet parking service. Since its establishment in 2005, the Salhia Plaza has instituted itself as the preferred destination for visitors looking for a high-end experience that combines entertainment and relaxation.

## Sahab Tower

Sahab Tower stands out due to its prime location and stunning views of Kuwait City, making it one of the country's most notable commercial landmarks. The tower features 20 floors dedicated to office spaces, covering a total area of 10,749 square meters. Since its opening in 1997, Sahab Tower has been home to a variety of both international and local companies. It is seamlessly connected to the Salhia Commercial Complex via a bridge on the mezzanine floor, facilitating easy access and symbolizing the integration of high-end commercial amenities.

Sahab Tower also includes upscale commercial spaces in the basement, ground, and mezzanine floors, which host a group of the most luxurious international brands. Thanks to the distinguished services provided by Salhia Real Estate Company, the tower has succeeded in achieving full occupancy rates over successive years, confirming its position as a high-end business destination in the heart of Kuwait City.

Additionally, Sahab Tower offers premium commercial spaces on the basement, ground, and mezzanine levels, housing some of the world's most prestigious international brands. With the exceptional services provided by Salhia Real Estate Company, the Tower has consistently maintained full occupancy rates, solidifying its reputation as a premier business destination in the heart of Kuwait City.

## JW Marriott Hotel


The JW Marriott Hotel is centrally located in the heart of Kuwait City›s commercial and financial district, just 15 minutes from Kuwait International Airport. It is recognized as one of the city's most iconic hospitality landmarks, reflecting the image of Kuwait. The hotel is within proximity to top-tier shopping malls in Kuwait, as well as key landmarks, commercial streets, and government institutions, such as the Sheikh Jaber Al-Ahmad Cultural Center (JACC) and Al-Shaheed Park. Its direct entrance to the Salhia Complex further enhances its appeal as a ideal shopping destination and offers a unique and enriching accommodation experience.

As part of Salhia Real Estate Company's plans to improve the guest's stay and provide a more upscale and luxurious experience, the hotel building is currently being renovated, where the works have reached final finishing stage and are expected to be completed in May 2025.

This renovation is distinguished by its ability to compete with modern and futuristic designs, which embodies the concept of integrating retail and hospitality in its contemporary form. After renovation, the project components will be divided into the commercial part (ground floor and mezzanine), the office part (second to fourth floors) and the hotel part (fifth to sixteenth floors).

To ensure the project›s success, the company has entrusted the study, development, and implementation phases to leading consulting firms and specialized companies, each focused on their specific tasks within the overall strategic vision and timeline to ensure timely completion and operational readiness.

## Salhia Expansion Project

In early 2024, Salhia Real Estate Company acquired a prime property located on Fahed Al-Salem Street in Kuwait City, known as the Anwar Al-Sabah plots. This strategic site, at the entrance to the capital, is highly valuable due to its outstanding location and significant potential for development. The property consists of four commercial plots in the Qibla area, covering a total of 9,284 square meters, surrounded by approximately 10,000 square meters of state-owned land used for parking and open spaces. The site is bordered by three streets: Fahed Al-Salem Street, Abdulaziz Al-Saqr Street, and Mohammed Thunayan Al-Ghanim Street. It is adjacent to Salhia Commercial Complex and JW Marriott Hotel, with an internal street separating it from Salhia Plaza and the multi-story Salhia parking building.

The company has assigned leading international consulting firms and specialized companies to study, develop, and implement the project, each handling specific tasks according to its expertise. The project›s strategic vision is to develop it as a unified entity, with plans to sell certain sections while retaining the majority to expand the Salhia Commercial Complex. The development will include a mix of commercial, office, entertainment and service areas, open squares, and green gathering spots. This will create a large and diverse real estate complex inside Kuwait City that meets current market demands, covering an area of approximately 25,000 square meters.

The participating international offices include:

- Perkins Eastman: Architectural Designer for the entire project
- Cracknell: Urban and Real Estate Developer
- Pace Arab Engineering Consulting Office (Local Office)
- DPD: Interior Designer
- Al-Shal: Financial Consulting

A schedule has been established to complete all design work and begin construction within set timeframes. The initial design phase has been completed, focusing on all components of the project. The detailed designs for the plot adjacent to Salhia Commercial Complex will proceed next. This phase includes commercial spaces, retail stores, restaurants, and entertainment areas on the ground floor, first and second mezzanines, and the first floor, covering approximately 18,000 square meters. Additionally, office spaces will span 21 floors, offering a rental area of nearly 23,000 square meters, along with residential apartments.

## Arraya Project

### Arraya Commercial Centre

The Arraya project stands as one of the most significant achievements of Salhia Real Estate Company. Since its inception in 2003, it has become a key destination, attracting both local and international visitors as well as businesses, thanks to its contemporary design and comprehensive facilities. The project seamlessly blends luxury with functionality, making it a top choice for shopping and entertainment enthusiasts, as well as an ideal business hub for enterprises and corporations.

The Arraya Project features the «Arraya Commercial Centre», which spans three floors and hosts a variety of high-end stores, along with a selection of fine dining restaurants and cafes that offer a unique hospitality experience in a refined setting. The Arraya Centre serves as a complete destination, combining shopping, dining, and a sophisticated atmosphere, solidifying its position as one of Kuwait›s premier commercial hubs.

In addition, the Arraya Project includes seven floors of office space, each covering 850 square meters, providing an advanced business environment tailored to the needs of leading local and international companies. The project stands out by offering state-of-the-art services and facilities, ensuring the comfort for both tenants and visitors, which reflects Salhia Real Estate Company's dedication to maintaining exceptional standards in real estate development.

## Arraya Plaza

Arraya Commercial Centre is located next to the 3,000 square meters «Arraya Plaza», an outdoor area featuring modern design that gives the space a distinctive character. The Plaza showcases elegant umbrellas and innovative lighting, creating a unique ambiance perfect for hosting a variety of entertainment and social events.

To provide maximum convenience for visitors, Arraya Commercial Centre offers a spacious parking lots with a capacity of 1,400 cars, designed to the highest standards to ensure easy movement and transport. These parking lots are connected to Arraya Commercial Centre via overhead bridges, offering breathtaking views of Arraya Plaza and organizing the entry and exit smoothly and comfortably.

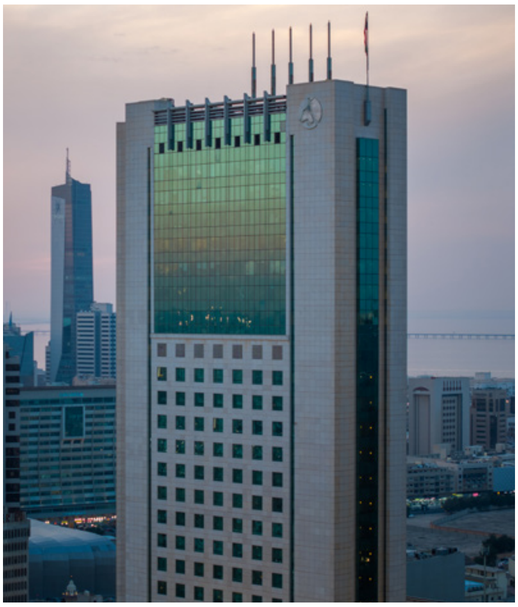
Additionally, Arraya Commercial Centre enjoys a direct linkage to the Courtyard Marriott Hotel through a thoughtfully designed corridor, enhancing the integration of facilities. This seamless link provides visitors with an effortless blend of shopping, hotel accommodations and entertainment, making Arraya Commercial Centre a comprehensive destination that caters to the needs of its visitors while offering them exceptional luxury and comfort.

## Arraya Tower

Arraya Tower is a key element of the Arraya Project, featuring a contemporary design and premium urban finishes across 1,265.5 square meters. Standing at 300 meters tall, it is one of the tallest modern towers in Kuwait, with 57 floors dedicated to office spaces. The tower offers flexible columns-free office space options ranging from 150 to 740 square meters, housing major local and international companies. It is equipped with 16 elevators distributed across three entrances, each serving specific floors for efficient access. Tenants enjoy top-tier services and amenities, including advanced information technology systems, along with 24-hour security and maintenance. Smart solutions are integrated to streamline the car parking process, offering electric vehicle charging stations and payment options via debit cards, mobile applications, and electronic watches.

During 2024, the rental activity of offices in Arraya Tower maintained its levels. Noting that Salhia Real Estate Company is committed to ensuring strong operational revenues across its properties and continually strives to achieve highest financial results and performance levels.

## Courtyard Hotel - Marriott



The Courtyard Hotel - Marriott stands out for its exceptional services and stunning views of Kuwait City and the iconic Kuwait Towers. Situated 18 km from Kuwait International Airport and just a short walk from the city center, it is a perfect choice for both travelers and local visitors.

The hotel features six fully equipped meeting rooms along with a business support services center, making it ideal for hosting official events. Additionally, it offers excellent amenities such as a health club, a swimming pool, and a sauna area to cater to guests' needs. With a blend of luxury and comfort, the Courtyard Hotel - Marriott is a prime option for accommodations in Kuwait.

## Arraya Ballroom

Located next to the Courtyard Hotel - Marriott and Arraya Centre, Arraya Ballroom is the address for luxury and leisure, a favorite place for many people to hold weddings and social events in Kuwait, and an ideal facility for conferences, exhibitions, and meetings. Extended on an area of 1,482 square meters and supervised by a team well experienced in managing and organizing events, the Ballroom provides high-level services and uses the latest advanced technology to render the best high-end and advanced services.

## The Assima Project

The Assima Project is a remarkable multi-purpose development known for its prime strategic location at a key intersection, serving as a vital artery in the dynamic city of Kuwait. Its modern and innovative design showcases the city's cultural identity. Developed with a real estate vision that aligns with market demands, the project stands out for its forward-thinking approach.

Utilizing the latest technologies, the project aims to minimize energy consumption and promote sustainability, making it a benchmark in real estate investments. Furthermore, it is the largest project of its kind executed by the private sector in Kuwait, spanning approximately 40,000 square meters and surrounded by main streets on all sides, including the prominent Al-Shuhada and Khaled Bin Al-Waleed streets. With a total buildable area of 380,000 square meters, the Assima Project solidifies its position as a unique and integrated destination in the real estate market.

## The Assima Mall

In its third year, Assima Mall has solidified its reputation as a popular destination that attracts a diverse range of visitors, providing everything they need under one roof. Centrally located in the capital, it has become a distinctive hub for shopping and entertainment, featuring well-known international and local brands, luxury accessory and jewelry stores, and various entertainment venues. The Mall also contains numerous restaurants and entertainment centers that cater to all preferences, along with the latest branch of the French Monoprix store chain, the first of its kind in Kuwait, as well as shops for electronics and mobile phone accessories.

The Assima Mall is constructed on an area of nearly 20,000 square meters and comprises four basement levels, a ground floor, and six additional floors dedicated to retail stores, restaurants, cafes, entertainment activities, a cinema, and a health club. The total rentable space within the mall is estimated at 71,500 square meters.

## The Assima Pearls

The chandelier «Assima Pearls» captivates the attention of visitors, who are amazed by its magnificent craftsmanship. This enormous chandelier, suspended in the center of the Mall, has entered the Guinness World Records as the largest chandelier in the world by size. It is considered a unique symbol, showcasing the artisans' creativity in its design, astonishing the visitors with its magnitude and distinctive craftsmanship. It represents the sacrifices of the people of Kuwait during their maritime journeys for trade and pearl diving, stemming from a sense of pride and belonging to this beloved nation.

## The Assima Tower for Offices

The Assima Tower is one of the prominent new landmarks in Kuwait, with actual operations commencing at the beginning of 2024. It reflects the country's continuous development in architecture and modern design, as it is part of the integrated Assima Project. The Tower stands at a height of 285 meters, making it one of the tallest towers in Kuwait.

The Assima Tower consists of a ground floor and 54 floors, with 46 floors designated for office use, built on an area of 1,746 square meters, and an estimated rentable area of 59,700 square meters. It features a modern design that provides open spaces, allowing for a flexible and efficient work environment. Each floor has an area ranging from approximately 1,200 square meters to 1,400 square meters, with the possibility of dividing the spaces into smaller units, the least being 250 square meters, to meet the diverse needs of companies.

The Tower includes 18 elevators distributed across three entrances, ensuring quick and easy access to the desired floors. It also offers the latest facilities for tenants, including advanced information technology systems, 24-hour security and maintenance, as well as smart car parking services to facilitate entry and exit.

Additionally, the Tower features several multi-story buildings designated as car parking areas, ensuring adequate space for vehicle parking. The management of the Tower aims to provide the highest levels of performance and ensure revenue stability and operational reliability.

## Marriott Executive Apartments

In April 2023, the Marriott Executive Apartments (MEA) opened, rising 11 stories above the floors designated for the commercial part of the Assima Project. The hotel caters to long-term stays, business trips, and vacations, offering distinctive services and featuring 164 luxurious fully equipped units designed as hotel apartments, complete with all amenities, in addition to restaurant services, meeting rooms, and a health club.

## Salhia International Entertainment Centers Company

Salhia International Entertainment Centers K.S.C. is a subsidiary of Salhia Real Estate Company and holds an exclusive license from National Geographic to develop, manage, and operate a family entertainment center in Kuwait. The National Geographic Ultimate Explorer Center provides visitors with interactive experiences that reflect our diverse world, from the depths of the ocean to outer space.

The Center focuses on stimulating children aged 4 to 14, along with their families, to learn about the world through captivating entertainment activities. These include innovative games simulating virtual reality and three-dimensional technologies that encourage exploration of different ecosystems such as forests, deserts, polar regions, deep oceans, and outer space, in addition to interactive experiences with living creatures, all aimed at enhancing knowledge through play.

The National Geographic Ultimate Explorer Center was launched in 2022, covering an area of over 5,000 square meters and has made a notable impression on its visitors, including children, families, school trips, and private parties. In line with its social responsibility, the Center also collaborates with global and local companies and institutions to provide exclusive services to customers.

# Foreign Investments

## United Kingdom

### KPI Report 2024

Key Property Investments Ltd (KPI) is a joint venture established in the UK in 1998 between Salhia Real Estate Co KSCP and St Modwen Properties Plc, a major UK development and investment company. The JV was to acquire investment properties with refurbishment and development opportunities and to capitalise on growth through sales.

At its peak, the JV owned assets worth in excess of £500m (200m KD). The JV has gradually been selling its remaining assets, with the final three major properties being sold during 2024 for a total of £46m (18m KD).

As the company no longer owns any properties, KPI will be dissolved during 2025.

### BEORMA QUARTER, BIRMINGHAM 2024

Birmingham is recognised worldwide as a city of innovation and sustainable commitment to growth. The city continues to attract more inward investment than any other city in the UK. The city centre is a major economic hub for the West Midlands region and the wider UK,

attracting more than £2 billion (800m KD) in shopping expenditure each year. It is also one of the fastest growing tech hubs outside of London.

Construction of the Beorma Quarter 30 storey tower, providing 14,000 sq m (152,000 sq ft) of commercial offices and 124 high quality residential apartments, commenced in August 2023. Construction will complete in August 2026.

The Beorma Tower is the only major office development reaching completion in 2026, at a time when there will be a shortage of Grade A offices and prime residential schemes.

Beorma Quarter's central location adjacent to the Bullring Shopping Centre and close proximity to Birmingham New Street station, Moor Street station and HS2's Curzon Street Station makes it a most desirable location, with direct access to the city, London, Manchester and Birmingham International airport.

### Lolworth Developments Ltd - Salhia Report 2024

Cambridge is situated about 55 miles (89 km) north-by-east of London and 95 miles (153 km) east of Birmingham. Cambridge is one of the UK's leading cities and has a diverse economy with strength in sectors such as research and development, software consultancy, high value engineering, creative industries, pharmaceuticals and tourism. The Cambridge Biomedical Campus, one of the largest biomedical research clusters in the world includes the headquarters of AstraZeneca and the relocated Royal Papworth Hospital.

A statement in the UK government's October Budget said that financial investment and transport commitments would «support life sciences companies and unlock private investment, cementing Cambridge›s status as a globally renowned centre of excellence». It said plans for expansion would include considerations around housing, transport, water, and wider infrastructure.

Lolworth Developments Ltd (LDL), a wholly owned subsidiary of SREC identified that, whilst there has been significant activity in the development of R&D and biosciences, there is an increasing shortage of immediate and future available supporting employment land across the industrial, offices, mid tech and logistics/warehousing sub sectors in Greater Cambridge.

LDL has an option over 100 ha (c 247 acres) of strategic land adjacent to the A14 motorway, approx. 7 miles (11 km) to the northwest of Cambridge City Centre. This provides an excellent opportunity to deliver a major exemplar high quality landscape-led employment park development with business and logistics capability and capacity. The site is close to both existing (Bar Hill and Cambridge), new (Northstowe) and proposed (Waterbeach New Town East) settlements close to Cambridge City, providing easy accessibility to the growing labour pool.

LDL's masterplan ensures that the development can be nature and community positive, committing to a new, publically accessible park and providing 20%+ BioDiversity Net Gain and to safeguarding and integrating existing trees and landscape features into the design.

LDL is continuing to make Economic and Market Representations to Greater Cambridge Council in response to the Council's stated need for development sites that are capable of meeting the Council's policy objectives of sustainability, bio-diversity and the location of Employment opportunities that are close to where people live or are going to live, all of which this site is able to satisfy.

# Financials

# Board of Directors Undertaking

SALHIA

**Date : 03/03/2025**

## Board of Directors Undertaking

Salhia Board of Directors assures the written undertakings of the soundness and integrity of financial reporting related to the corporate operations of Salhia Real Estate Co. for the financial year ending 31 December 2024.

| Signature | |
|---|---|
| **Mr. Ghazi Fahad Alnafisi**<br>Chairman | |

Salhia Real Estate Company K.S.C.P Mohd.Thunayan Al-Ghanim St. P.O.Box 23413, Safat 13095, Kuwait - Tel : (+965) 2299 6000 Fax : (+965) 2299 6399
Capital : 59,354,144 K.D C.R : 21250 www.salhia.com

# Consolidated Financial Statements

31 December 2024

Shape the future
with confidence

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

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

*Opinion*
We have audited the consolidated financial statements of the Salhia Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

*Basis for Opinion*
We conducted our audit in accordance with International Standards on Auditing (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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

*Impairment of properties*
Properties in the consolidated statement of financial position include investment properties, and certain freehold lands and buildings classified under property and equipment. Apart from lands which are measured at costs, these properties are measured at cost less accumulated depreciation and impairment, if any, and constitutes significant portion of the Group's total assets as at the reporting date.

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

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

*Key Audit Matters (continued)*
*Impairment of properties (continued)*
The management of the Group is determining the fair value of its properties, for disclosure and impairment testing purposes, at the reporting date and uses external appraisers to support these valuations. The valuation of the properties is highly dependent on estimates and assumptions such as rental value, occupancy rates, discount rates, market knowledge and historical transactions. Given the size and complexity of the valuation of properties, we considered this as a key audit matter.

Our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the Group, and considered the independence, reputation and capabilities of its external valuators. We also evaluated the accuracy of the data inputs used by the external evaluator. We also assessed the appropriateness of the disclosures relating to the investment properties of the Group in Note 10 of the consolidated financial statements.

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

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.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)*
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

**Report on Other Legal and Regulatory Requirements**
Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the establishment of Capital Markets Authority "CMA" and organisation of security activity and its related executive regulations, as amended, during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

3 March 2025
Kuwait

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

| | *Notes* | ***2024 KD*** | *2023 KD* |
|---|---|---|---|
| Operating revenue | 21 | **44,692,368** | 40,587,638 |
| Operating costs | | **(10,019,072)** | (9,330,768) |
| **GROSS PROFIT** | | **34,673,296** | 31,256,870 |
| Share of joint venture's results, net of tax | 9 | **1,612,578** | 2,665,038 |
| Administrative expenses | | **(4,574,811)** | (4,552,064) |
| Depreciation and amortisation | 10,11 | **(8,199,495)** | (6,184,137) |
| Sales and marketing expenses | | **(541,545)** | (450,443) |
| Dividend income | | **169,790** | 57,286 |
| Foreign exchange gain (loss) | | **331,106** | (20,827) |
| Other income | 4 | **3,502,416** | 280,117 |
| Recovery of insurance claims | | **-** | 750,000 |
| Reversal of (charge for) impairment loss on investment properties and property and equipment | 10,11 | **123,954** | (1,025,416) |
| Gain on sale of an investment property | 10 | **624,849** | 538,606 |
| Finance costs | | **(14,272,375)** | (6,359,644) |
| **PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST"), ZAKAT AND DIRECTORS' FEES** | | **13,449,763** | 16,955,386 |
| KFAS | | **(133,427)** | (168,909) |
| NLST | | **(333,568)** | (422,272) |
| Zakat | | **(133,427)** | (168,909) |
| Directors' fees | 18 | **(120,000)** | (120,000) |
| **PROFIT FOR THE YEAR** | | **12,729,341** | 16,075,296 |
| Attributable to: | | | |
| Equity holders of the Parent Company | | **12,622,295** | 16,010,790 |
| Non-controlling interests | | **107,046** | 64,506 |
| | | **12,729,341** | 16,075,296 |
| **BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY** | 5 | **21.98 Fils** | 27.84 fils |

The attached notes 1 to 26 form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| **Profit for the year** | **12,729,341** | 16,075,296 |
| **Other comprehensive (loss) income:** | | |
| *Items that are or may be reclassified to consolidated statement of profit or loss in subsequent periods:* | | |
| Exchange differences arising on translation of foreign operations | **(2,004,815)** | 1,551,720 |
| *Items that will not to be reclassified to consolidated statement of profit or loss in subsequent periods:* | | |
| Changes in the fair value of financial assets at fair value through other comprehensive income | **(527,615)** | 383,546 |
| **Other comprehensive (loss) income** | **(2,532,430)** | 1,935,266 |
| **Total comprehensive income for the year** | **10,196,911** | 18,010,562 |
| Attributable to: | | |
| Equity holders of the Parent Company | **10,304,475** | 17,896,203 |
| Non-controlling interests | **(107,564)** | 114,359 |
| | **10,196,911** | 18,010,562 |

The attached notes 1 to 26 form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

| | *Notes* | ***2024 KD*** | *2023 KD* |
|---|---|---|---|
| **ASSETS** | | | |
| Bank balances and cash | 6 | **7,835,016** | 6,192,906 |
| Inventories | | **138,421** | 202,205 |
| Accounts receivable and other assets | 7 | **9,087,781** | 24,933,379 |
| Financial assets at fair value through other comprehensive income | 8 | **6,340,595** | 6,868,210 |
| Interest in joint venture | 9 | **394,419** | 9,802,678 |
| Investment properties | 10 | **397,342,925** | 360,996,365 |
| Property and equipment | 11 | **96,641,759** | 49,126,804 |
| **TOTAL ASSETS** | | **517,780,916** | 458,122,547 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| Due to banks and financial institutions | 6 | **9,462,382** | 14,303,492 |
| Accounts payable and other liabilities | 12 | **36,958,960** | 40,236,266 |
| Commercial financing | 13 | **10,002,800** | 18,203,880 |
| Islamic financing | 14 | **278,680,090** | 205,500,804 |
| **Total liabilities** | | **335,104,232** | 278,244,442 |
| **Equity** | | | |
| Share capital | 15 | **59,354,144** | 56,527,756 |
| Share premium | | **35,055,163** | 35,055,163 |
| Treasury shares | 16 | **(7,565,144)** | (8,086,553) |
| Treasury shares reserve | | **6,133,441** | 5,848,303 |
| Statutory reserve | 17 | **30,280,511** | 30,280,511 |
| Voluntary reserve | 17 | **20,489,290** | 20,489,290 |
| Retained earnings | | **53,061,374** | 51,470,346 |
| Fair value reserve | | **(567,986)** | (40,371) |
| Foreign currency translation reserve | | **(13,624,312)** | (11,834,107) |
| **Equity attributable to equity holders of the Parent Company** | | **182,616,481** | 179,710,338 |
| Non-controlling interests | | **60,203** | 167,767 |
| **Total equity** | | **182,676,684** | 179,878,105 |
| **TOTAL LIABILITIES AND EQUITY** | | **517,780,916** | 458,122,547 |

**Ghazi Fahad Alnafisi**
Chairman

**Faisal Abdulmohsen Al-Khatrash**
Vice Chairman

The attached notes 1 to 26 form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

| | *Attributable to equity holders of the Parent Company* | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Share capital KD* | *Share premium KD* | *Treasury shares KD* | *Treasury shares reserve KD* | *Statutory reserve KD* | *Voluntary reserve KD* | *Retained earnings KD* | *Fair value reserve KD* | *Foreign currency translation reserve KD* | *Subtotal KD* | *Non-controlling interests KD* | *Total equity KD* |
| Balance as at 1 January 2024 | 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 year | - | - | - | - | - | - | 12,622,295 | - | - | 12,622,295 | 107,046 | 12,729,341 |
| Other comprehensive loss | - | - | - | - | - | - | - | (527,615) | (1,790,205) | (2,317,820) | (214,610) | (2,532,430) |
| Total comprehensive income (loss) | - | - | - | - | - | - | 12,622,295 | (527,615) | (1,790,205) | 10,304,475 | (107,564) | 10,196,911 |
| Issuance of bonus shares (Note 15) | 2,826,388 | - | - | - | - | - | (2,826,388) | - | - | - | - | - |
| Purchase of treasury shares | - | - | (1,192,632) | | - | - | - | - | - | (1,192,632) | - | (1,192,632) |
| Sale of treasury shares | - | - | 1,714,041 | 285,138 | - | - | - | - | - | 1,999,179 | - | 1,999,179 |
| Dividend (Note 15) | - | - | - | - | - | - | (8,204,879) | - | - | (8,204,879) | - | (8,204,879) |
| **Balance as at 31 December 2024** | **59,354,144** | **35,055,163** | **(7,565,144)** | **6,133,441** | **30,280,511** | **20,489,290** | **53,061,374** | **(567,986)** | **(13,624,312)** | **182,616,481** | **60,203** | **182,676,684** |
| Balance as at 1 January 2023 | 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 year | - | - | - | - | - | - | 16,010,790 | - | - | 16,010,790 | 64,506 | 16,075,296 |
| Other comprehensive income (loss) | - | - | - | - | - | - | - | 383,546 | 1,501,867 | 1,885,413 | 49,853 | 1,935,266 |
| Total comprehensive income | - | - | - | - | - | - | 16,010,790 | 383,546 | 1,501,867 | 17,896,203 | 114,359 | 18,010,562 |
| Issuance of bonus shares (Note 15) | 2,691,798 | - | - | - | - | - | (2,691,798) | - | - | - | - | - |
| Purchase of treasury shares | - | - | (2,871,334) | - | - | - | - | - | - | (2,871,334) | - | (2,871,334) |
| Sale of treasury shares | - | - | 3,303,375 | 1,177,816 | - | - | - | - | - | 4,481,191 | - | 4,481,191 |
| Dividend (Note 15) | - | - | - | - | - | - | (7,807,953) | - | - | (7,807,953) | - | (7,807,953) |
| Balance as at 31 December 2023 | 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 |

The attached notes 1 to 26 form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | *2024* *KD* | *2023* *KD* |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit before contribution to KFAS, NLST, Zakat and directors' fees | | **13,449,763** | 16,955,386 |
| Adjustments for: | | | |
| Share in joint venture's results, net of tax | 9 | **(1,612,578)** | (2,665,038) |
| Provision for employees' terminal benefits | | **704,922** | 816,824 |
| Depreciation and amortisation | | **8,199,495** | 6,184,137 |
| Dividend income | | **(169,790)** | (57,286) |
| Foreign exchange (gain) loss | | **(331,106)** | 20,827 |
| Income on settlement with a contractor | 4 | **(3,355,667)** | - |
| (Reversal of) charge for impairment loss on investment properties and property and equipment | 10 | **(123,954)** | 1,025,416 |
| Gain from sale of investment properties | 10 | **(624,849)** | (538,606) |
| Gain from sale of property and equipment | | **-** | (1,496) |
| Finance costs | | **14,272,375** | 6,359,644 |
| | | **30,408,611** | 28,099,808 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | **63,784** | (791) |
| Accounts receivable and other assets | | **(1,979,142)** | 246,799 |
| Accounts payable and other liabilities | | **(2,939,950)** | 2,561,817 |
| Cash from operations | | **25,553,303** | 30,907,633 |
| Employees' terminal benefits paid | | **(270,412)** | (257,419) |
| KFAS paid | | **(168,909)** | (153,732) |
| NLST paid | | **(439,614)** | (377,345) |
| Zakat paid | | **(128,193)** | (90,519) |
| Directors' fees paid | | **(120,000)** | (120,000) |
| Net cash flows from operating activities | | **24,426,175** | 29,908,618 |
| **INVESTING ACTIVITIES** | | | |
| Additions to investment properties | 10 | **(94,094,305)** | (17,834,970) |
| Proceeds from disposal of investment properties | 10 | **624,849** | 1,478,381 |
| Additions to property and equipment | 11 | **(10,340,551)** | (14,024,359) |
| Proceeds from disposal of property and equipment | | **-** | 1,496 |
| Net movement in advance payments to contractors | | **3,846,523** | (3,010,308) |
| Advance payment for acquiring investment property | 7 | **14,000,000** | (14,000,000) |
| Dividend income received | | **148,007** | 57,286 |
| Dividends received from interest in a joint venture | 9 | **10,114,000** | 6,031,000 |
| Net cash flows used in investing activities | | **(75,701,477)** | (41,301,474) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from commercial and Islamic financings | | **111,393,007** | 33,664,789 |
| Repayment of commercial and Islamic financings | | **(33,761,721)** | (18,180,701) |
| Finance costs paid | | **(11,432,280)** | (6,359,644) |
| Dividends paid | 15 | **(8,204,879)** | (7,807,953) |
| Purchase of treasury shares | | **(1,192,632)** | (2,871,334) |
| Proceeds from sale of treasury shares | | **1,999,179** | 4,481,191 |
| Payments of lease liabilities | | **-** | (205,127) |
| Net cash flows from financing activities | | **58,800,674** | 2,721,221 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **7,525,372** | (8,671,635) |
| Foreign currency translation adjustment | | **(1,042,152)** | 887,867 |
| Cash and cash equivalents as at 1 January | | **(8,110,586)** | (326,818) |
| **CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER** | 6 | **(1,627,366)** | (8,110,586) |
| **Non-cash items excluded from the consolidated statement of cash flows:** | | | |
| Income on settlement with a contractor | 4 | **(3,355,667)** | - |
| Retentions payable | 12 | **3,355,667** | - |

The attached notes 1 to 26 form part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

As at 31 December 2024

## 1 CORPORATE INFORMATION

The consolidated financial statements of Salhia Real Estate Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively "the Group") for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors held on 3 March 2025. The general assembly of the shareholders of the Parent Company has the power to amend these consolidated financial statements after issuance.

The Group comprises Salhia Real Estate Company K.S.C.P. and its Subsidiaries listed in Note 19.

The Parent Company is a Kuwaiti Shareholding Company incorporated on September 16, 1974 and is listed on 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 and development of commercial properties and hotel 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 MATERIAL ACCOUNTING POLICES

### 2.1 BASIS OF PREPARATION

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

The consolidated financial statements are prepared under the historical cost basis except for financial assets at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is the Parent Company's functional and presentational currency.

The Group presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 23.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of following new and amended standards effective as of 1 January 2024.

**New and amended standards and interpretations**
The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024.

Several other amendments and interpretations apply for the first time in 2024, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard and amendment is described below:

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

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

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

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

**Amendments to IAS 1 - Classification of Liabilities as Current or Non-current (continued)**
In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

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

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

### 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

**IFRS 18 Presentation and Disclosure in Financial Statements**
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the consolidated statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

Other new or amended standards which are issued but not yet effective, are not relevant to the Group and have no impact on the accounting policies, consolidated financial position or performance of the Group.

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION

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

**Basis of consolidation**
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries including special purpose entities as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Basis of consolidation (continued)**

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

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

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

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

Consolidated statement of profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

**Business combinations and acquisition of non-controlling interests**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of profit or loss.

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

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

**Business combinations and acquisition of non-controlling interests (continued)**
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

**Revenue recognition**
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and also exposed to credit risk. The specific recognition criteria described below must also be met before revenue is recognised.

*Rental income*
The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms.

*Interest income*
Interest income is recognised as it accrues using the effective interest rate method ("EIR").

*Hotel income*
Hotel income represents the invoiced value of services provided during the year.

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

*Gain or loss on sale of investment properties and investment in securities*
Gain or loss on sale of investment properties and investment in securities is recognised when the sale transaction is consummated.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

*Transactions and balances*
Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are included within foreign currency gain or loss in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

*Group companies*
As at the reporting date, the assets and liabilities of foreign subsidiaries, and the carrying values of foreign associates and joint venture investments, are translated into the Parent Company's presentation currency (the Kuwaiti Dinars) at the rate of exchange ruling at the reporting date, and their statement of income are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to the consolidated statement of other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised in the consolidated statement of profit or loss and other comprehensive income.

**Taxation**
*Kuwait Foundation for the Advancement of Sciences (KFAS)*
Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company (net of accumulated losses brought forward) after accounting for the transfer to statutory reserve and after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve until the reserve reaches 50% of share capital should be excluded from profit base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

*National Labour Support Tax (NLST)*
The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. In determining taxable profit, profit of associates and Subsidiaries subject to NLST and cash dividends from listed companies subject to NLST are deducted.

*Zakat*
Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

*Taxation on overseas Subsidiaries*
Taxation on overseas Subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

**Finance costs**
Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalisation of finance costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognised as an expense in the period in which they are incurred. Finance costs consist of profit and other costs that the Group incurred in connection with the bank borrowings.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Finance costs (continued)**
Finance cost is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Finance cost is also capitalised in the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

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

***Subsequent measurement***
*Financial assets at amortised cost*
For purposes of subsequent measurement, the Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Since the Group's financial assets (cash and cash equivalent and accounts receivables and other assets (excluding advances and prepayments)) meet these conditions, they are subsequently measured at amortised cost.

*Cash and cash equivalents*
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and at banks, cash in trust account, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

*Account receivables and other assets (excluding advances and prepayments)*
Account receivables are carried at undiscounted original invoiced amount less any expected credit losses.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

The Group elected to classify irrevocably its non-listed equity investments under this category.

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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

For rent receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Financial instruments (continued)**
**(ii) Financial liabilities**

***Initial recognition and measurement***
The Group's financial liabilities include, due to banks and financial institution, accounts payable, commercial and Islamic financing and lease liabilities.

Financial liabilities are classified, at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, with the exception of derivative financial instruments, net of directly attributable transaction costs.

***Subsequent measurement***
For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

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

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

*Commercial financing*
After initial recognition, interest bearing commercial financing is 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 amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

*Islamic financing*
Islamic financing represents Murabaha and wakala financing taken under Murabaha and wakala arrangements. Islamic financing is stated at the gross amount of the payable, net of deferred cost payable. Deferred cost payable is expensed on a time apportionment basis taking account of the profit rate attributable and the balance outstanding.

***Derecognition***
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

***Offsetting of financial instruments***
Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

*i) Right-of-use assets*
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of non-financial assets.

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

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Inventories**
Inventories of food and beverages are valued at the lower of cost and net realisable value after making due allowance for any expired or slow-moving items. Cost is determined by the weighted average method.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on sale.

Inventories of operating supplies are valued at cost less due allowance for any obsolete or slow-moving items. Cost is determined on a weighted average basis.

**Interest in joint venture**
The interest in the joint venture is accounted for using the equity method. Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest.

Under the equity method, the interest in joint venture is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee. Goodwill relating to a joint venture is included in the carrying amount of the investment and is not amortised. The Group recognises in the consolidated statement of profit or loss its share of the results of the joint venture from the date that influence effectively commenced until the date that it effectively ceases. Distributions received from the joint venture 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 joint venture arising from changes in the joint venture's equity. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes in the consolidated statement of comprehensive income.

Unrealised gains on transactions with joint venture are eliminated to the extent of the Group's share in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment for impairment of interest in joint venture 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 joint venture's financial statements are prepared to the Parent Company's reporting date or to a date not earlier or later than three months of the Parent Company's reporting date. Where practicable, appropriate adjustments are made to the joint venture's financial statements to bring them in line with the Group's accounting policies.

Upon loss of joint control over the venture, the Group measures and recognise any retained investment at its fair value.

Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

**Investment properties**
Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at depreciated cost less provision for impairment.

Freehold land and properties under constructions are not depreciated. Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 50 years |
| Car Parking Building | 20 years |
| Equipment | 10 years |
| Vehicles | 5 years |

The carrying amounts are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amount, and where carrying values exceed their recoverable amount, properties are written down to their recoverable amount.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Investment properties (continued)**
Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the year of derecognition.

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

*Properties under construction*
Properties under construction are carried at cost less any impairment in value. Costs are those expenses incurred by the Group that are directly attributable to the construction of asset.

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

**Property and equipment**
Property and equipment are stated at historical cost less accumulated depreciation and impairment in value (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial year in which they are incurred.

Freehold land is not depreciated. Depreciation on other assets is provided on a straight-line basis at rates calculated to write-off the cost of each asset over its expected useful life as follows:

| | |
|---|---|
| Buildings and related immovable equipment | 10 to 50 years |
| Car parking building | 20 years |
| Furniture and equipment | 5 to 10 years |
| Motor vehicles | 5 years |

The carrying amounts are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amount, and where carrying values exceed their recoverable amount, assets are written down to their recoverable amount.

The useful economic lives of property and equipment are reviewed at each financial year and revised for significant change where necessary.

An item of property and equipment initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposals.

Any gain or loss arising on derecognition of the assets is included in the consolidated statement of profit or loss when the asset is derecognised.

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

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

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Treasury shares**
The Parent Company's own shares are accounted for as treasury shares and are stated at purchase consideration including directly attributable costs. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is non-distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

**Provisions**
A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be incurred to settle the obligation.

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

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

**Impairment of non-financial assets**
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

## 3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

## 3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

**Significant judgments (continued)**

*Classification of real estate*

Management of the Group decides on acquisition of a developed and under development property whether it should be classified as trading, investment property or properties and equipment. Property acquired principally for sale in the ordinary course of business is classified as trading property. Property acquired to generate rental income or for capital appreciation, or for undetermined future use is classified as investment property. Property acquired for owner occupation is classified as property and equipment.

*Classification of financial assets*

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

*Capitalisation of costs of properties under construction*

The Group has significant capital expenditure with respect to the construction of new shopping complexes and hotels. The determination of the elements of cost that are eligible to be capitalised; and the identification and write off of costs relating to projects in progress that may not meet the relevant capitalisation criteria, requires significant management judgment.

**Estimates and assumptions**

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

*Impairment of financial assets at amortised cost*

The Group assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instruments carried at amortised cost. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

*Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

*Fair value measurement*

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

*Impairment of investment properties*

The Group reviews the carrying amounts of investment properties to determine whether there is any indication that those assets have suffered an impairment loss. The recoverable amount of an asset is determined based on higher of fair value and value in use. The fair value for investment properties is based on external valuations which highly dependent on estimates and assumptions such as rental value, occupancy rates, discount rates, market knowledge and historical transactions.

## 4 OTHER INCOME

| | *2024* | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| Income on settlement with a contractor* | **3,355,667** | - |
| Others | **146,749** | 280,117 |
| | **3,502,416** | 280,117 |

* On 15 December 2024, the Group signed a settlement agreement with the main contractor of Al Assima project. The total compensation for the construction time delays impact on Al Assima project amounted to KD 3,355,667 and is deducted from the retentions payable.

## 5 BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

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

| | ***2024*** | *2023* |
|---|---|---|
| Profit for the year attributable to equity holders of the Parent Company (KD) | **12,622,295** | 16,010,790 |
| Weighted average number of ordinary shares outstanding during the year | **574,250,704** | 575,172,806 |
| Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils) | **21.98** | 27.84 |

The weighted average number of shares takes into account weighted average effect of changes in treasury shares during the year.

EPS for the year ended 31 December 2023 was 29.28 fils before retroactive adjustment to the number of shares following the bonus issue (Note 15).

## 6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| Cash on hand | **10,559** | 15,829 |
| Bank balances | **7,824,457** | 6,177,077 |
| Cash and cash equivalents | **7,835,016** | 6,192,906 |
| Less: due to banks and financial institutions* | **(9,462,382)** | (14,303,492) |
| Cash and cash equivalents for the purpose of the consolidated statement of cash flows | **(1,627,366)** | (8,110,586) |

*Bank overdraft facilities are denominated in Kuwaiti Dinars from local banks and carry an average profit rate of 1% per annum (2023: 1% per annum) over the Central Bank of Kuwait discount rate and repayable within a period of 1 year.

## 7 ACCOUNTS RECEIVABLE AND OTHER ASSETS

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Hotel guests' receivables, net | **375,774** | 182,464 |
| Rent receivable, net | **1,905,037** | 1,805,526 |
| Staff receivables | **2,292** | 3,164 |
| Refundable deposits and prepaid expenses | **534,693** | 202,768 |
| Advance payments to contractors | **4,105,056** | 7,951,579 |
| Advance payment for acquisition of investment property* | **-** | 14,000,000 |
| Other receivables | **2,164,929** | 787,878 |
| | **9,087,781** | 24,933,379 |

*During the year, the Group had completed the purchase and transfer of title deeds of a freehold land located in Kuwait City for a total consideration of KD 71,050,000 and classified under investment properties (Note 10). The purchase is financed through Ijara financing contract (Note14). As a result, advance payment of KD 14,000,000 have been adjusted against the carrying value of the land.

Hotel guests receivables and rent receivable are non-interest yielding and are generally on 30-90 days terms.

Movement in expected credit losses of hotel guests and rent receivable is as follows:

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| As at 1 January | **600,000** | 600,000 |
| Write off | **(181,340)** | - |
| As at 31 December | **418,660** | 600,000 |

As at 31 December, the analysis of hotel guests receivables and rent receivable that were past due but not impaired is as follows:

| | | *Past due but not impaired* | | | | | |
|---|---|---|---|---|---|---|---|
| | *Neither past due nor impaired KD* | *< 30 days KD* | *30 to 60 days KD* | *60 to 90 days KD* | *90 to 120 days KD* | *120 to 365 days KD* | *Total KD* |
| **2024** | **-** | **290,392** | **415,798** | **233,207** | **150,782** | **1,190,632** | **2,280,811** |
| 2023 | - | 207,983 | 259,464 | 214,357 | 169,876 | 1,136,310 | 1,987,990 |

Hotel guests' receivables and rent receivable include amounts denominated in the following major currencies:

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Kuwaiti Dinar | **2,023,906** | 1,866,245 |
| GBP | **256,905** | 121,745 |
| | **2,280,811** | 1,987,990 |

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

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| Managed quoted portfolios | **403,488** | 280,350 |
| Managed unquoted portfolio | **272,764** | 270,655 |
| Unquoted equity securities | **5,664,343** | 6,317,205 |
| | **6,340,595** | 6,868,210 |

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 26.

## 9 INTEREST IN JOINT VENTURE

This represents the Group's 50% (2023: 50%) interest in a United Kingdom based joint venture entity, ("Key Property Investments Limited"), engaged in real estate leasing and development.

Movement in the carrying amount of investment in joint venture is as follows:

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| As at 1 January | **9,802,678** | 12,933,568 |
| Share in the joint venture's results, net of tax | **1,612,578** | 2,665,038 |
| Dividend received | **(10,114,000)** | (6,031,000) |
| Foreign currency translation adjustment | **(906,837)** | 235,072 |
| As at 31 December | **394,419** | 9,802,678 |

The following table illustrates the summarised financial information of the joint venture. The information disclosed reflects the amounts presented in the financial statements of the joint venture adjusted to be in line with the Group's accounting policies:

| | ***2024*** | *2023* |
|---|---|---|
| | ***KD*** | *KD* |
| *Statement of financial position:* | | |
| Current assets | **4,370,770** | 10,151,157 |
| Non-current assets | **5,516** | 10,926,272 |
| Current liabilities | **(3,587,448)** | (1,472,073) |
| Equity | **788,838** | 19,605,356 |
| Ownership interest held by the Group | **50%** | 50% |
| Group's share in the equity | **394,419** | 9,802,678 |
| *Statement of profit or loss* | | |
| Revenue | **3,506,615** | 6,694,892 |
| Profit for the year | **3,225,156** | 5,330,076 |
| Ownership interest held by the Group | **50%** | 50% |
| Group's share of profit | **1,612,578** | 2,665,038 |

## 10 INVESTMENT PROPERTIES

| | *Freehold lands** KD | *Buildings* KD | *Car parking building* KD | *Equipment* KD | *Vehicles* KD | *Properties under construction* KD | *Total* KD |
|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | |
| As at 1 January 2024 | 95,745,436 | 207,056,106 | 11,587,335 | 2,267,505 | 8,660 | 85,568,734 | 402,233,776 |
| Additions | 71,050,000 | 7,706,008 | 19,522 | 3,096 | - | 15,315,679 | 94,094,305 |
| Transfers | - | 60,941,647 | 11,225,376 | 9,257,267 | - | (81,424,290) | - |
| Transfer to property and equipment (Note 11) | - | (13,406,602) | (22,832,233) | (4,453,588) | (8,660) | - | (40,701,083) |
| Disposals | (12,602,000) | - | - | - | - | - | (12,602,000) |
| Reversal of impairment | - | 123,954 | - | - | - | - | 123,954 |
| Foreign currency translation adjustment | 63,304 | 39,759 | - | - | - | 30,750 | 133,813 |
| **As at 31 December 2024** | **154,256,740** | **262,460,872** | - | **7,074,280** | - | **19,490,873** | **443,282,765** |
| Depreciation: | | | | | | | |
| As at 1 January 2024 | - | 40,094,169 | 1,046,294 | 94,486 | 2,462 | - | 41,237,411 |
| Charge for the year | - | 6,293,064 | - | 25,966 | - | - | 6,319,030 |
| Related to transfer to property and equipment (Note 11) | - | (547,808) | (1,046,294) | (49,650) | (2,462) | - | (1,646,214) |
| Foreign currency translation adjustment | - | 29,613 | - | - | - | - | 29,613 |
| **As at 31 December 2024** | - | **45,869,038** | **-** | **70,802** | **-** | **-** | **45,939,840** |
| **Net carrying amount as at 31 December 2024** | **154,256,740** | **216,591,834** | **-** | **7,003,478** | **-** | **19,490,873** | **397,342,925** |

**10 INVESTMENT PROPERTIES (continued)**

| | *Freehold lands* | *Buildings* | *Car parking building* | *Equipment* | *Vehicles* | *Properties under construction* | *Total* |
|---|---|---|---|---|---|---|---|
| | *KD* | *KD* | *KD* | *KD* | *KD* | *KD* | *KD* |
| Cost: | | | | | | | |
| As at 1 January 2023 | 96,981,997 | 189,977,892 | 11,587,335 | 2,267,505 | 8,660 | 84,418,941 | 385,242,330 |
| Additions | - | 1,119,319 | - | - | - | 16,715,651 | 17,834,970 |
| Transfers | - | 15,903,314 | - | - | - | (15,903,314) | - |
| Disposals | (926,452) | - | - | - | - | - | (926,452) |
| Impairment | (559,632) | (223,136) | - | - | - | - | (782,768) |
| Foreign currency translation adjustment | 249,523 | 278,717 | - | - | - | 337,456 | 865,696 |
| As at 31 December 2023 | 95,745,436 | 207,056,106 | 11,587,335 | 2,267,505 | 8,660 | 85,568,734 | 402,233,776 |
| Depreciation: | | | | | | | |
| As at 1 January 2023 | - | 35,328,056 | 698,145 | 56,557 | 731 | - | 36,083,489 |
| Charge for the year | - | 4,640,483 | 348,149 | 37,929 | 1,731 | - | 5,028,292 |
| Foreign currency translation adjustment | - | 125,630 | - | - | - | - | 125,630 |
| As at 31 December 2023 | - | 40,094,169 | 1,046,294 | 94,486 | 2,462 | - | 41,237,411 |
| Net carrying amount as at 31 December 2023 | 95,745,436 | 166,961,937 | 10,541,041 | 2,173,019 | 6,198 | 85,568,734 | 360,996,365 |

**10 INVESTMENT PROPERTIES (continued)**

Property under construction includes cumulative capitalised borrowing costs amounting to KD 40,090,627 (2023: KD 40,090,627).

Car parking building is located on leasehold land plots (3 and 4) from Ministry of Finance with a lease term of 20 years ending on 2042.

The fair value of the investment properties at the consolidated statement of financial position date was estimated to be KD 566,810,024 (2023: KD 545,569,392). For local properties, the fair values of investment properties are based on a valuation performed by accredited independent valuers; one of these appraisers is a local bank and the other is a local reputable accredited appraiser. As for foreign properties, the fair values of investment properties are based on one valuation performed by foreign accredited independent valuer. The valuation is based on acceptable methods of valuation such as income capitalisation and market comparable methods. As the significant valuation inputs used are based on unobservable market data these are classified under level 3 fair value hierarchy. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

* During the year, the Parent Company had completed the purchase and transfer of title deeds of a freehold land located in Kuwait City for a total consideration of KD 71,050,000. The purchase is financed through Ijara financing contract (Note 14). Subsequently, the Group sold a plot of the land under Ijara contract with a total carrying value of KD 12,602,000 for a total consideration of KD 13,226,849 to a related party (Note 20) resulting in a gain of KD 624,849 recognised in the consolidated statement of profit or loss. Furthermore, the cash proceeds were utilised to settle Ijara payable (Note 20).

## 11 PROPERTY AND EQUIPMENT

| | *Freehold land KD* | *Buildings KD* | *Car parking building KD* | *Furniture and equipment KD* | *Motor vehicles KD* | *Capital work in progress KD* | *Total KD* |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| As at 1 January 2024 | 7,946,274 | 52,669,221 | - | 40,138,851 | 399,453 | 16,765,774 | 117,919,573 |
| Additions | - | 1,650 | - | 817,205 | - | 9,521,696 | 10,340,551 |
| Transfer | 2,565,684 | 69,700 | - | 69,225 | - | (2,704,609) | - |
| Transfer from investment properties (Note 10) | - | 13,406,602 | 22,832,233 | 4,453,588 | 8,660 | - | 40,701,083 |
| **As at 31 December 2024** | **10,511,958** | **66,147,173** | **22,832,233** | **45,478,869** | **408,113** | **23,582,861** | **168,961,207** |
| Depreciation | | | | | | | |
| As at 1 January 2024 | - | 32,906,041 | - | 35,548,793 | 337,935 | - | 68,792,769 |
| Charge for the year | - | 394,900 | 984,920 | 476,653 | 23,992 | - | 1,880,465 |
| Related to transfer from investment properties (Note 10) | - | 547,808 | 1,046,294 | 49,650 | 2,462 | - | 1,646,214 |
| **As at 31 December 2024** | **-** | **33,848,749** | **2,031,214** | **36,075,096** | **364,389** | **-** | **72,319,448** |
| **Net carrying amount as at 31 December 2024** | **10,511,958** | **32,298,424** | **20,801,019** | **9,403,773** | **43,724** | **23,582,861** | **96,641,759** |

## 11 PROPERTY AND EQUIPMENT (continued)

| | *Freehold land KD* | *Buildings KD* | *Furniture and equipment KD* | *Motor vehicles KD* | *Capital work in progress KD* | *Total KD* |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| As at 1 January 2023 | 6,256,674 | 51,696,687 | 39,742,694 | 467,718 | 6,058,869 | 104,222,642 |
| Additions | 1,689,600 | 1,215,182 | 398,177 | 14,495 | 10,706,905 | 14,024,359 |
| Disposals | - | - | (2,020) | (82,760) | - | (84,780) |
| Impairment | - | (242,648) | - | - | - | (242,648) |
| As at 31 December 2023 | 7,946,274 | 52,669,221 | 40,138,851 | 399,453 | 16,765,774 | 117,919,573 |
| Depreciation | | | | | | |
| As at 1 January 2023 | - | 32,433,111 | 34,890,710 | 397,883 | - | 67,721,704 |
| Charge for the year | - | 472,930 | 660,103 | 22,812 | - | 1,155,845 |
| Related to disposals | - | - | (2,020) | (82,760) | - | (84,780) |
| As at 31 December 2023 | - | 32,906,041 | 35,548,793 | 337,935 | - | 68,792,769 |
| Net carrying amount as at 31 December 2023 | 7,946,274 | 19,763,180 | 4,590,058 | 61,518 | 16,765,774 | 49,126,804 |

## 12 ACCOUNTS PAYABLE AND OTHER LIABILITIES

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Accounts payable | **3,399,362** | 3,435,568 |
| Retentions payable | **9,060,018** | 16,966,849 |
| Accrued expenses | **7,123,541** | 2,589,618 |
| Tenants' refundable deposits | **8,094,221** | 8,339,960 |
| Rents received in advance | **1,005,997** | 1,646,310 |
| Employees' terminal benefits | **5,792,477** | 5,336,871 |
| KFAS payable | **133,427** | 168,909 |
| NLST payable | **333,568** | 422,272 |
| Zakat payable | **133,427** | 168,909 |
| Other payables | **1,882,922** | 1,161,000 |
| | **36,958,960** | 40,236,266 |

## 13 COMMERCIAL FINANCING

Commercial financing is denominated in the following currencies:

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Kuwaiti Dinars | **6,900,000** | 15,050,000 |
| GBP | **3,102,800** | 3,153,880 |
| | **10,002,800** | 18,203,880 |

Commercial financing denominated in Kuwaiti Dinar carries variable interest rates which range from 0.75% to 1% per annum (2023: 0.75% to 1% per annum) over the Central Bank of Kuwait discount rate and repayable within 1 year.

Commercial financing denominated in GBP carries variable interest rates 2.6% per annum+ SONIA rate (2023: 2.6% per annum + SONIA rate) and repayable within 1 year.

**Changes in liabilities arising from financing activities**

| | ***1 January KD*** | ***Cash flows –in KD*** | ***Cash flows –(out) KD*** | ***Foreign exchange movement KD*** | ***31 December KD*** |
|---|---|---|---|---|---|
| ***2024*** | | | | | |
| Commercial financing | **18,203,880** | **5,700,000** | **(13,850,000)** | **(51,080)** | **10,002,800** |
| *2023* | | | | | |
| Commercial financing | 11,785,104 | 11,000,000 | (4,883,160) | 301,936 | 18,203,880 |

## 14 ISLAMIC FINANCING

Islamic financing constitutes Murabaha and Ijara and is contractually due for repayment as follows:

| | ***2024*** ***KD*** | *2023* *KD* |
|---|---|---|
| Instalments payable within one year | **15,982,530** | 17,565,333 |
| Instalments payable within one year to two years | **32,781,942** | 16,815,333 |
| Instalments payable within two years to three years | **19,882,667** | 30,565,333 |
| Instalments payable within three years to four years | **38,282,666** | 48,216,001 |
| Instalments payable after four years | **171,750,285** | 92,338,804 |
| | **278,680,090** | 205,500,804 |

Murabaha payable is unsecured and carry an average profit rate of 0.84% (2023: 0.88%) per annum over the Central Bank of Kuwait discount rate.

During the year, the Parent Company entered into an Ijara contract amounting to KD 70,000,000 with a local bank to finance the purchase of a land with a carrying value of KD 71,050,000 located in Kuwait City (Note 10). The Ijara contract carries a profit rate of 0.75% per annum above Central Bank of Kuwait discount rate and matures on 17 February 2025 and renewable annually. Subsequently to date of consolidated financial statements the Ijara contract has renewed to be matured on 18 February 2026.

The Parent Company sold a plot of the land under the Ijara contract to a related party (Note 20) with a carrying value of KD 12,602,000 for a total consideration of KD 13,226,849 (Note 10). The proceeds of the sale had been utilised to settle Ijara payable.

Changes in liabilities arising from Islamic financing activities

| | ***1 January*** ***KD*** | ***Cash flows –in*** ***KD*** | ***Cash flows –(out)*** ***KD*** | ***31 December*** ***KD*** |
|---|---|---|---|---|
| ***2024*** | | | | |
| Islamic financing | **205,500,804** | **105,693,007** | **(32,513,721)** | **278,680,090** |

| | *1 January* *KD* | *Cash flows –in* *KD* | *Cash flows –(out)* *KD* | *31 December* *KD* |
|---|---|---|---|---|
| *2023* | | | | |
| Islamic financing | 196,133,555 | 22,664,789 | (13,297,540) | 205,500,804 |

## 15 SHARE CAPITAL AND GENERAL ASSEMBLY MEETING

As at 31 December 2024, the authorised, issued and paid up capital comprises of 593,541,441 shares (31 December 2023: 565,277,563 shares) of 100 fils (31 December 2023: 100 fils) each paid in cash.

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), 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 change has been notarized in the Parent Company's commercial register dated 3 April 2024.

For the year ended 31 December 2024, the Board of Directors of the Parent Company has proposed cash dividends of 15 fils per share in addition to the issuance of bonus shares in the ratio of 5 shares for each 100 shares. The cash dividend and issuance of bonus shares, if approved by the shareholders' general assembly, shall be payable to the shareholders after obtaining the necessary regulatory approvals.

## 16 TREASURY SHARES

As at 31 December 2024, the Parent Company' held 19,901,274 shares (2023: 20,533,242 shares) of its own shares, equivalent to 3.35% (2023: 3.63%) of the total issued share capital at that date. The market value of these shares at the reporting date was KD 7,940,608 (2023: KD 8,808,761). Reserves of the Parent Company equivalent to the cost of the treasury shares have been ear-marked as non-distributable.

## 17 RESERVES

***a) Statutory reserve***

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before contribution to KFAS, NLST, Zakat and directors' fees shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital. In 2021, the shareholders of the Parent Company agreed on the proposal of the Board of Directors to discontinue annual transfer to statutory reserve as the reserve exceeds 50% of the Parent Company's share capital.

***b) Voluntary reserve***

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year before contribution to KFAS, NLST, Zakat and directors' fees is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve. In 2012, the shareholders of the Parent Company agreed on the proposal of the Board of Directors to discontinue annual transfer to voluntary reserve.

## 18 DIRECTORS' FEES

On 3 March 2025, the BOD of the Parent Company proposed a remuneration for the Board of Directors of KD 120,000 for the year ended 31 December 2024. This proposal is subject to the approval of the shareholders in the AGM.

On 18 March 2024, the BOD's remuneration of KD 120,000 was approved by the shareholders in the AGM for the year ended 31 December 2023 (Note 20).

## 19 SUBSIDIARIES

Details of Subsidiaries are set out below:

| *Name of the company* | *Percentage of ownership* | | *Country of incorporation* | *Principal activity* |
|---|---|---|---|---|
| | ***31 December 2024*** | *31 December 2023* | | |
| *Directly held:* | | | | |
| Drawbridge Securities Limited* | **50%** | 50% | United Kingdom | Property development |
| Salhia International Investment Limited | **100%** | 100% | United Kingdom | Property development |
| Bunyan Al-Salhia Project Management Company W.L.L. | **99%** | 99% | Kuwait | Project management |
| Al Assima Real Estate Company K.S.C. | **99.91%** | 99.91% | Kuwait | Real estate |
| Salhia Real Estate Bahrain S.P.C. | **100%** | 100% | Kingdom of Bahrain | Real estate |
| Salhia International for Entertainment Centers K.S.C. | **90%** | 90% | Kuwait | Entertainment |
| Wilford Lane Developments LTD** | **-** | 100% | United Kingdom | Property development |
| Lolworth Developments LTD | **100%** | 100% | United Kingdom | Property development |
| *Held through Salhia International Investments Limited:* | | | | |
| Salhia Jersey Limited | **100%** | 100% | United Kingdom | Real estate |
| Salhia Investments (Birmingham) Limited | **100%** | 100% | United Kingdom | Real estate |
| Salhia Investment Residential Limited | **100%** | 100% | United Kingdom | Real estate |
| *Held through Bunyan Al-Salhia Project Management Company W.L.L.:* | | | | |
| Al Suwaihra Real Estate L.L.C. | **99%** | 99% | Sultanate of Oman | Real estate |
| Al Suwaihra Development L.L.C. | **99%** | 99% | Sultanate of Oman | Real estate |
| Al Suwaihra Global L.L.C. | **99%** | 99% | Sultanate of Oman | Real estate |
| Al Waqaiba Real Estate L.L.C. | **99%** | 99% | Sultanate of Oman | Real estate |
| Al Waqaiba Development L.L.C. | **99%** | 99% | Sultanate of Oman | Real estate |
| Al Had Development L.L.C. | **99%** | 99% | Sultanate of Oman | Real estate |
| Omq Real Estate L.L.C. | **99%** | 99% | Sultanate of Oman | Real estate |

The financial year end of all the above subsidiaries is 31 December except for Drawbridge Securities Limited, and Salhia International Investment Limited which have a financial year end of 30 November.

* During the year, the Group continued to consolidate Drawbridge Securities Limited as the Group exercise control and has in substance the majority of ownership risks in order to obtain benefits from its activities.

* During the year, the Group successfully completed the liquidation process for its subsidiary, 'Wilford Lane Developments' (the 'Dissolved Subsidiary').

## 20 RELATED PARTY TRANSACTIONS

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

## 20 RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Directors' fees (Note 18) | **120,000** | 120,000 |
| Gain from sale of Investment property (Note 10) | **624,849** | - |

During the year, the Parent Company sold a plot of the land under the Ijara contract to a related party with a carrying value of KD 12,602,000 for a total consideration of KD13,226,849. The proceeds of the sale had been utilised to settle Ijara payable (Notes 10 and 14).

**Compensation of key management personnel**
The remuneration of key management personnel of the Group during the year is as follows:

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Short-term benefits | **734,296** | 680,100 |
| Employees' end of service benefits | **210,137** | 268,524 |
| | **944,433** | 948,624 |

## 21 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 consolidated statement of profit or loss as explained below:

Segment results include revenue and expenses directly attributable to a segment.

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

**21 SEGMENTAL INFORMATION (continued)**

The following is the detail of the above segments, which constitutes the Group's operating segments:

| | **31 December 2024** | | | *31 December 2023* | | |
|---|---|---|---|---|---|---|
| | ***Real estate operations KD*** | ***Hotel operations KD*** | ***Total KD*** | *Real estate operations KD* | *Hotel operations KD* | *Total KD* |
| Segment revenue | **39,997,386** | **4,694,982** | **44,692,368** | 35,734,945 | 4,852,693 | 40,587,638 |
| Segment operating costs | **(7,272,808)** | **(2,746,264)** | **(10,019,072)** | (6,890,973) | (2,439,795) | (9,330,768) |
| Segment gross profit | **32,724,578** | **1,948,718** | **34,673,296** | 28,843,972 | 2,412,898 | 31,256,870 |
| Share in joint venture's results, net of tax | **1,612,578** | **-** | **1,612,578** | 2,665,038 | - | 2,665,038 |
| Depreciation and amortisation | **(7,075,261)** | **(1,124,234)** | **(8,199,495)** | (5,552,755) | (631,382) | (6,184,137) |
| Administrative and marketing expenses | **(3,592,708)** | **(1,523,648)** | **(5,116,356)** | (3,592,354) | (1,410,153) | (5,002,507) |
| Finance costs | **(14,215,764)** | **(56,611)** | **(14,272,375)** | (6,316,894) | (42,750) | (6,359,644) |
| Reversal of (charge for) impairment loss on investment properties and property and equipment | **123,954** | **-** | **123,954** | (1,025,416) | - | (1,025,416) |
| Gain on sale of investment properties | **624,849** | **-** | **624,849** | 538,606 | - | 538,606 |
| Income on settlement with a contractor | **3,355,667** | **-** | **3,355,667** | | | |
| Recovery of insurance claims* | **-** | **-** | **-** | 750,000 | - | 750,000 |
| Segment results | **13,557,893** | **(755,775)** | **12,802,118** | 16,310,197 | 328,613 | 16,638,810 |
| Dividend income | | | **169,790** | | | 57,286 |
| Other non-operating income | | | **477,855** | | | 259,290 |
| KFAS, NLST, Zakat and directors' fees | | | **(720,422)** | | | (880,090) |
| Profit for the year | | | **12,729,341** | | | 16,075,296 |
| Segment assets | **513,857,889** | **3,528,608** | **517,386,497** | 445,818,271 | 2,501,598 | 448,319,869 |
| Interest in joint venture | **394,419** | **-** | **394,419** | 9,802,678 | - | 9,802,678 |
| **Total assets** | **514,252,308** | **3,528,608** | **517,780,916** | 455,620,949 | 2,501,598 | 458,122,547 |
| **Segment liabilities** | **331,852,475** | **3,251,757** | **335,104,232** | 276,397,218 | 1,847,224 | 278,244,442 |
| **Capital expenditure** | **94,545,928** | **9,888,928** | **104,434,856** | 31,859,329 | - | 31,859,329 |

*During COVID 19 period, the Parent Company has force closed all of its real estate complex and accordingly raised an insurance claim to an insurance entity acquitting a compensation with an amount of KD 750,000. The Parent Company has received the approval and claim during 31 December 2023 and recognised to the consolidated statement of profit or loss.

**21 SEGMENTAL INFORMATION (continued)**

**Geographic information**

The Group operates in two geographical markets: Kuwait and GCC and Europe. The following table shows the distribution of the Group's segment revenues, assets and capital expenditure.

| | ***31 December 2024*** | | | *31 December 2023* | | |
|---|---|---|---|---|---|---|
| | ***Kuwait and GCC KD*** | ***Europe KD*** | ***Total KD*** | *Kuwait and GCC KD* | *Europe KD* | *Total KD* |
| Revenue | **44,232,195** | **460,173** | **44,692,368** | 40,159,280 | 428,358 | 40,587,638 |
| Assets | **482,234,782** | **35,546,134** | **517,780,916** | 426,726,957 | 31,395,590 | 458,122,547 |
| Capital expenditure | **86,730,512** | **17,704,344** | **104,434,856** | 27,860,593 | 3,998,736 | 31,859,329 |

## 22 RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group's principal financial liabilities comprise non-derivatives financial instruments such as due to banks, commercial financing, Islamic financing, lease liabilities and account payables and other liabilities. The main purpose of these financial liabilities is to fund the Group's operations. The Group has various financial assets such as accounts receivable, bank balances and financial assets at fair value through other comprehensive income.

The main risk arising from the Group's financial instruments are market risk, credit risk and liquidity risk.

The Parent Company's Board of Directors, Risk and Internal Audit Committee are ultimately responsible for overall risk management including setting, reviewing and agreeing policies for managing each of these risks which are summarised below.

**Market risk**
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and equity price risk.

*Interest rate risk*
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

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 fixed deposits and commercial financing which are both at fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between floating rate and fixed rate borrowings.

Positions are monitored on a regular basis to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the profit for the year to a reasonable possible change of interest rate in terms of basis points with effect from the beginning of the year. The calculation is based on the Group's floating rate financial instruments held at each reporting date. All other variables are held constant.

| | *Increase in basis points* | *Effect on profit before KFAS, NLST, Zakat and directors' fees KD* |
|---|---|---|
| **2024** | | |
| **KD** | 25 | **(713,950)** |
| **GBP** | 25 | **(7,757)** |
| | | |
| 2023 | | |
| KD | 25 | (551,377) |
| GBP | 25 | (7,885) |

Sensitivity to interest rates movement will be on symmetric basis as financial instruments giving rise to non-symmetric movements are not significant.

## 22 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Market risk (continued)**
*Foreign currency risk*
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's exposure to foreign currency monetary assets and liabilities.

The following table demonstrates the sensitivity to changes in currency rates, with all other variables held constant:

| | ***2024*** | | *2023* | |
|---|---|---|---|---|
| Currency | ***Increase in currency rate in %*** | ***Effect on consolidated statement of profit or loss KD*** | *Increase in currency rate in %* | *Effect on consolidated statement of profit or loss KD* |
| Euro | **1%** | **5,134** | 1% | 15,723 |
| GBP | **1%** | **23,379** | 1% | 4,769 |

The sensitivity to increase in currency rates by 1% did not result in a material impact on the consolidated statement of comprehensive income.

*Equity price risk*
Equity price risk arises from changes in the fair values of equity investments. Equity price risk is managed by the direct investment department of the Parent Company through diversification of investments in terms of geographical distribution and industry concentration. The Group's quoted investments include securities included in a portfolio of foreign investments (managed by foreign financial institutions) sensitive to recognised international indices.

The effect on other comprehensive income in equity (as a result of a change in the fair value of financial assets at fair value through other comprehensive income at 31 December) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

| | ***2024*** | | *2023* | |
|---|---|---|---|---|
| *Market indices* | ***Change in equity price %*** | ***Effect on other comprehensive income KD*** | *Change in equity price %* | *Effect on other comprehensive income KD* |
| International | **5%** | **26,366** | 5% | 14,018 |

**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 manages credit risk by setting limits for individual counterparties, and groups of counterparties. The Group also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

The Group's maximum exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarised below:

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Bank balances | **7,824,457** | 6,177,077 |
| Accounts receivable (excluding prepayments and advances) | **4,448,032** | 2,779,032 |
| Total exposure of credit risk | **12,272,489** | 8,956,109 |

## 22 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Credit risk (continued)**

*Bank balances*

The credit risk exposure for bank balances is not considered to be significant because the counterparties are reputable, financially sound financial institutions.

*Accounts receivable*

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

With respect to accounts receivable, an impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses. The provision rates are based on days past due and customer segments with similar loss patterns (i.e., product and customer type etc). The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable is written-off if past due more than one year are not subject to enforcement activity and there is no possibility to recover these amounts in near future. The maximum exposure to credit risk at the reporting date is the carrying value of each accounts receivable. The Group does not have a policy to obtain collaterals against accounts receivable.

The table below provides information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

| | ***Accounts receivable*** | | | | | |
|---|---|---|---|---|---|---|
| ***2024*** | ***Days past due*** | | | | | |
| | ***< 30 days KD*** | ***30 to 60 days KD*** | ***60 to 90 Days KD*** | ***90 to 120 days KD*** | ***120 to 365 days KD*** | ***Total KD*** |
| Estimated total gross carrying amount at default | **323,885** | **466,037** | **278,566** | **238,701** | **1,392,282** | **2,699,471** |
| Estimated credit loss | **33,493** | **50,239** | **45,359** | **87,919** | **201,650** | **418,660** |
| Expected credit loss rate | **10%** | **11%** | **16%** | **37%** | **14%** | **-** |

| | *Accounts receivable* | | | | | |
|---|---|---|---|---|---|---|
| *2023* | *Days past due* | | | | | |
| | *< 30 days KD* | *30 to 60 days KD* | *60 to 90 days KD* | *90 to 120 days KD* | *120 to 365 days KD* | *Total KD* |
| Estimated total gross carrying amount at default | 240,799 | 358,198 | 592,998 | 575,358 | 820,637 | 2,587,990 |
| Estimated credit loss | 42,000 | 60,000 | 96,000 | 138,000 | 264,000 | 600,000 |
| Expected credit loss rate | 17% | 17% | 16% | 24% | 32% | - |

## 22 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Credit risk (continued)**
*Amounts due from related parties and other receivables*
Amounts due from related parties and other receivables are considered to be fully recoverable by the management and thus the credit risk is considered minimal.

**Liquidity risk**
Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. The Group objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, commercial and Islamic financing.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2024 and 31 December 2023 based on contractual undiscounted payments:

| **2024** | ***Within 3 months KD*** | ***3 to 6 months KD*** | ***6 to 12 months KD*** | ***Over one year KD*** | ***Total KD*** |
|---|---|---|---|---|---|
| Due to banks and financial institution | **-** | **-** | **9,935,501** | **-** | **9,935,501** |
| Accounts payable and other liabilities | **8,186,703** | **3,685,680** | **3,058,501** | **13,933,855** | **28,864,739** |
| Commercial financing | **117,156** | **118,458** | **10,242,319** | **-** | **10,477,933** |
| Islamic financing | **8,396,993** | **4,819,842** | **16,051,061** | **336,371,305** | **365,639,201** |
| **TOTAL LIABILITIES** | **16,700,852** | **8,623,980** | **39,287,382** | **350,305,160** | **414,917,374** |
| Contingent liabilities | **-** | **-** | **1,858,086** | **-** | **1,858,086** |
| Capital commitments | **8,409,531** | **7,666,902** | **4,080,335** | **14,751,342** | **34,908,110** |
| **TOTAL CONTINGENT LIABILITIES AND COMMITMENTS** | **8,409,531** | **7,666,902** | **5,938,421** | **14,751,342** | **36,766,196** |

| 2023 | *Within 3 months KD* | *3 to 6 months KD* | *6 to 12 months KD* | *Over one year KD* | *Total KD* |
|---|---|---|---|---|---|
| Due to banks and financial institution | - | - | 15,018,667 | - | 15,018,667 |
| Accounts payable and other liabilities | 5,603,259 | 1,792,275 | 1,356,006 | 23,144,766 | 31,896,306 |
| Commercial financing | - | - | 19,114,074 | - | 19,114,074 |
| Islamic financing | 9,236,438 | 3,822,496 | 13,467,683 | 214,253,428 | 240,780,045 |
| TOTAL LIABILITIES | 14,839,697 | 5,614,771 | 48,956,430 | 237,398,194 | 306,809,092 |
| Contingent liabilities | - | - | 1,433,134 | - | 1,433,134 |
| Capital commitments | 9,342,825 | 10,031,762 | 13,920,447 | 23,351,846 | 56,646,880 |
| TOTAL CONTINGENT LIABILITIES AND COMMITMENTS | 9,342,825 | 10,031,762 | 15,353,581 | 23,351,846 | 58,080,014 |

## 23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturity profile of cash and cash equivalents, fixed deposits, accounts receivable and other assets, accounts payable and other liabilities, interest bearing loans and borrowings at the year-end is based on contractual repayment arrangements. The maturity profile for the remaining assets is determined based on the management estimate of liquidation of those financial assets. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of assets and liabilities was as follows:

| **2024** | ***Within 3 months KD*** | ***3 to 6 months KD*** | ***6 to 12 months KD*** | ***Over one year KD*** | ***Total KD*** |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and bank balances | **-** | **-** | **7,835,016** | **-** | **7,835,016** |
| Inventories | **138,421** | **-** | **-** | **-** | **138,421** |
| Accounts receivables and other assets | **1,935,019** | **1,294,409** | **1,234,046** | **4,624,307** | **9,087,781** |
| Financial assets at fair value through other comprehensive income | **-** | **-** | **403,488** | **5,937,107** | **6,340,595** |
| Interest in joint venture | **-** | **-** | **-** | **394,419** | **394,419** |
| Investment properties | **-** | **-** | **-** | **397,342,925** | **397,342,925** |
| Property and equipment | **-** | **-** | **-** | **96,641,759** | **96,641,759** |
| **TOTAL ASSETS** | **2,073,440** | **1,294,409** | **9,472,550** | **504,940,517** | **517,780,916** |
| **LIABILITIES** | | | | | |
| Due to banks and financial institution | **-** | **-** | **9,462,382** | **-** | **9,462,382** |
| Accounts payable and other liabilities | **8,186,703** | **3,685,680** | **3,058,501** | **22,028,076** | **36,958,960** |
| Commercial financing | **-** | **-** | **10,002,800** | **-** | **10,002,800** |
| Islamic financing | **5,133,000** | **1,533,000** | **9,316,530** | **262,697,560** | **278,680,090** |
| **TOTAL LIABILITIES** | **13,319,703** | **5,218,680** | **31,840,213** | **284,725,636** | **335,104,232** |
| **NET ASSETS** | **(11,246,263)** | **(3,924,271)** | **(22,367,663)** | **220,214,881** | **182,676,684** |

## 23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

| 2023 | *Within 3 months KD* | *3 to 6 months KD* | *6 to 12 months KD* | *Over one year KD* | *Total KD* |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and bank balances | - | - | 6,192,906 | - | 6,192,906 |
| Inventories | 202,205 | - | - | - | 202,205 |
| Accounts receivables and other assets | 1,219,511 | 15,079,474 | 682,815 | 7,951,579 | 24,933,379 |
| Financial assets at fair value through other comprehensive income | - | - | 280,350 | 6,587,860 | 6,868,210 |
| Interest in joint venture | - | - | - | 9,802,678 | 9,802,678 |
| Investment properties | - | - | - | 360,996,365 | 360,996,365 |
| Property and equipment | - | - | - | 49,126,804 | 49,126,804 |
| TOTAL ASSETS | 1,421,716 | 15,079,474 | 7,156,071 | 434,465,286 | 458,122,547 |
| LIABILITIES | | | | | |
| Due to banks and financial institution | - | - | 14,303,492 | - | 14,303,492 |
| Accounts payable and other liabilities | 5,603,259 | 1,792,272 | 1,356,009 | 31,484,726 | 40,236,266 |
| Commercial financing | - | - | 18,203,880 | - | 18,203,880 |
| Islamic financing | 6,883,000 | 1,533,000 | 9,149,333 | 187,935,471 | 205,500,804 |
| TOTAL LIABILITIES | 12,486,259 | 3,325,272 | 43,012,714 | 219,420,197 | 278,244,442 |
| NET ASSETS | (11,064,543) | 11,754,202 | (35,856,643) | 215,045,089 | 179,878,105 |

## 24 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

| | ***2024 KD*** | *2023 KD* |
|---|---|---|
| Letters of guarantee | **1,858,086** | 1,433,134 |
| Construction projects | **34,908,110** | 56,646,880 |
| | **36,766,196** | 58,080,014 |

## 25 CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may review the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, accounts payable and other liabilities, commercial and Islamic financing, less cash and cash equivalent (excluding due to banks and financial institution which is added as part of the net debt). Capital includes equity attributable to the equity holders of the Parent Company less fair value reserve.

## 25 CAPITAL MANAGEMENT (continued)

| | ***2024*** ***KD*** | *2023* *KD* |
|---|---|---|
| Accounts payable and other liabilities (excluding rents received in advance and employees' terminal benefits) | **30,160,486** | 33,253,085 |
| Bank borrowings | **298,145,272** | 238,008,176 |
| Less: bank balances and cash | **(7,835,016)** | (6,192,906) |
| Net debt | **320,470,742** | 265,068,355 |
| Equity attributable to the equity holders of the Parent Company | **182,616,481** | 179,710,338 |
| Less: Fair value reserve | **567,986** | 40,371 |
| Total capital | **183,184,467** | 179,750,709 |
| Capital and net debt | **503,655,209** | 444,819,064 |
| Gearing ratio | **63.63%** | 59.59% |

## 26 FAIR VALUES MEASUREMENTS

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

| **2024** | ***Level 1*** ***KD*** | ***Level 3*** ***KD*** | ***Total*** ***KD*** |
|---|---|---|---|
| *Financial assets at FVOCI:* | | | |
| Managed quoted portfolios | **403,488** | **-** | **403,488** |
| Managed unquoted portfolio | **-** | **272,764** | **272,764** |
| Unquoted equity securities | **-** | **5,664,343** | **5,664,343** |
| | **403,488** | **5,937,107** | **6,340,595** |

| 2023 | *Level 1* *KD* | *Level 3* *KD* | *Total* *KD* |
|---|---|---|---|
| *Financial assets at FVOCI:* | | | |
| Managed quoted portfolios | 280,350 | - | 280,350 |
| Managed unquoted portfolio | - | 270,655 | 270,655 |
| Unquoted equity securities | - | 6,317,205 | 6,317,205 |
| | 280,350 | 6,587,860 | 6,868,210 |

During the year ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The table below analyses the movement in the financial instruments classified under level 3 of the fair value hierarchy.

| ***Financial assets at fair value through other comprehensive income*** | ***At 1 January*** ***KD*** | ***Change in fair value*** ***KD*** | ***At 31 December*** ***KD*** |
|---|---|---|---|
| **2024** | **6,587,860** | **(650,753)** | **5,937,107** |
| 2023 | 6,252,089 | 335,771 | 6,587,860 |

The Group has also performed a sensitivity analysis by varying the key inputs used in the valuation techniques by 5% which did not result in a material impact on the consolidated financial statements.

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