NREC

الشركة الوطنية العقارية ش.م.ك.ع KPSC

ANNUAL REPORT

2024

NATIONAL REAL ESTATE COMPANY K.P.S.C.

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H. H. Sheikh
Meshaal Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

H. H. Sheikh
Sabah Khaled Al-Hamad Al-Sabah
Crown Prince of the State of Kuwait

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OUR MISSION

TO DELIVER AND MANAGE A BUILT ENVIRONMENT AT A GLOBAL STANDARD IN THE MENA REGION, CREATING VALUE FOR SHAREHOLDERS, CUSTOMERS AND THE COMMUNITIES WHERE WE OPERATE.

OUR VALUES

INTEGRITY
WE EMBRACE HIGH STANDARDS OF HONESTY, PERFORMANCE, AND PROFESSIONALISM.

TEAMWORK
WE ARE COMMITTED TO ACHIEVING MORE BY WORKING TOGETHER WITH MUTUAL RESPECT AND COLLABORATION TO MAKE THE BEST OF OUR DIVERSE CAPABILITIES.

ACCOUNTABILITY
WE TAKE JOINT RESPONSIBILITY TO ACHIEVE OUR VISION AND LIVE OUR VALUES THROUGH PERSONAL OWNERSHIP, HARD WORK, AND ROBUST PERFORMANCE MANAGEMENT.

CUSTOMER SATISFACTION
WE ARE PASSIONATE ABOUT DELIVERING HIGH QUALITY PRODUCTS AND SERVICES THAT FULFILL OUR CUSTOMERS' NEEDS.

SUSTAINABILITY
WE ARE SENSITIVE TO THE DIVERSE CONTEXTS INFLUENCING OUR COMMUNITIES WHERE WE STRIVE TO DELIVER ENDURING VALUE, EFFICIENCY, AND COMFORT.

BOARD OF DIRECTORS REPORT

Faisal Jamil Sultan Al-Essa
Vice Chairman and CEO

Dear Shareholders,

I am pleased to present the Annual Report of the National Real Estate Company (NREC) for the fiscal year ending December 31, 2024. In this report, you will find a comprehensive summary of our financial and operational performance, as well as an overview of our strategic priorities and outlook for the future.

Financial Performance

The Company's operating revenue for the year ended December 31, 2024, was KD 5.8 million, compared to KD 12.4 million in 2023.

The Company reported a net profit of KD 9.3 million, with earnings per share of 4.91 fils in 2024, compared to a net loss of KD (35.2) million and a loss per share of (18.7) fils in 2023.

Total assets stood at KD 574 million as of December 31, 2024, compared to KD 533 million in 2023, with shareholders' equity rising to KD 374 million from KD 346 million.

The Company closed the year with a net debt-to-equity ratio of 0.31 and debt totaling KD 142.3 million.

Our FY 2024 results reflect a continued growth trajectory, driven by strong operational strategies and effective risk management. Despite external challenges, we have maintained steady progress, underscoring our commitment to long-term value creation for our shareholders.

Operational Performance

Jordan's South Aqaba Investment Park continues to maintain a robust 100% occupancy rate for warehouses and full occupancy for industrial buildings by the end of 2024. FY 2024 rental revenues reached KD 982 thousand, reflecting a modest 1% increase compared to the previous year, underscoring stable operational performance despite ongoing geopolitical tensions in the region.

In Libya, the Palm City Residences saw an increase in occupancy, reaching 61% by the end of 2024, compared to 58% in 2023, while revenues rose by 14%.

Strategic Focus

Landmark Developments

Reem Mall – Abu Dhabi: Over 190 Actively Trading Units and a Promising Outlook Ahead

Reem Mall officially opened its doors at the end of May 2024, and we are pleased to report that over 190 units were actively trading by the end of the year. This reflects strong early engagement and a growing retail presence. With a significant portion of the mall now operational, we are witnessing the development of a vibrant and dynamic retail environment, driven by both established brands and new entrants. This early success underscores the mall's appeal and its ability to meet the demands of an ever-evolving market.

Central to Reem Mall's vision is its commitment to delivering memorable experiences for families, offering a diverse range of entertainment and retail options for all ages. With attractions like Snow Abu Dhabi enhancing its appeal, we are confident that Reem Mall will become a popular destination for both residents and visitors, fulfilling the growing demand for family-focused entertainment.

NREC is a co-investor in Abu Dhabi's $1.3 billion Reem Mall on Reem Island. The mall spans an area of 186,000 sqm GLA, making it one of the largest malls in the region. With more than 400 stores, including 80 F&B concepts, and 6,400 parking spaces, it caters to visitors from all over the UAE and beyond. With digital innovations like an aggregated mobile app for hands-free shopping, in-mall navigation, and smart parking, Reem Mall is leading the way in integrated online and in-person shopping.

Grand Heights Residential Development in Egypt: A Sustainable Gated Community with 83% of Units Sold by the End of 2024

The Grand Heights residential project in Egypt, developed by NREC's subsidiary KUWADICO, is located within a larger land parcel also owned by KUWADICO.

Grand Heights is a fully integrated, gated community offering a range of modern amenities and services, creating a sustainable, secure, and vibrant living environment for its residents. The community includes residential, commercial, and recreational spaces, all designed to enhance the quality of life for its diverse population.

As of the end of 2024, 83% of the units across the entire project have been sold. The Grand Heights project is being executed in phases by three sub-developers and spans 3.8 million square meters. Strategically located, it is designed to meet the growing housing demand in Cairo and its surrounding suburbs.

NREC's Strategic Investment in Agility Public Warehousing Company K.S.C.P.: Enhancing Long-Term Value for Shareholders

At NREC, our commitment to creating long-term value for our shareholders extends beyond our core real estate business. We are proud to be the largest shareholder in Agility Public Warehousing Company K.S.C.P., holding a 22.3% stake. Agility is a leader in transforming supply chains to be smarter, faster, greener, and more efficient, delivering exceptional growth and value for its shareholders.

NREC is also an investor in Agility Global, both directly and through Agility Public Warehousing. Agility is the majority shareholder of Agility Global, holding a 51% stake. Agility Global, an ADX-listed company, manages some of the world's leading businesses, including Menzies Aviation (the world's largest aviation services company), Tristar (a global fuel logistics provider), and Agility Logistics Parks (one of the largest developers and operators of warehousing and logistics parks in the MEA region). Additionally, Agility Global is one of the largest shareholders in DSV, one of the world's top-three freight forwarders.

Our strategic investment in Agility underscores our belief in the company's continued growth and innovation, further enhancing NREC's long-term value creation for our shareholders.

Commitment to Sustainability: Driving Positive Impact through ESG Initiatives

At the group level, we are committed to advancing ESG initiatives that align with the United Nations Sustainable Development Goals (UNSDGs). We focus on creating a lasting positive impact by integrating sustainability into our operations, promoting environmental stewardship, social inclusion, and ethical governance. We aim to contribute meaningfully to the well-being of communities and drive long-term value, fostering resilient, sustainable growth in the regions where we operate.

Outlook for 2025 - 2026

Optimizing Shareholder Value through Strategic Initiatives

We remain focused on maximizing shareholder value with a primary goal of strategically divesting assets that no longer align with our long-term objectives. At the same time, we are actively evaluating a range of investment opportunities and exploring restructuring options to strengthen our portfolio further and drive enhanced returns for our shareholders.

Acknowledgment and Appreciation to Our Stakeholders

I would like to extend my heartfelt appreciation to our shareholders for their steadfast support of the Company's strategy. Your continued confidence plays a pivotal role in our growth and success.

Additionally, I am deeply grateful to all our stakeholders for their ongoing trust in the management team. Your support has been instrumental in helping us achieve our objectives.

I would also like to take this opportunity to recognize and thank NREC's dedicated staff. Their unwavering commitment and invaluable contributions have been instrumental in driving the Company's success forward.

Finally, we extend our deepest gratitude to the Government of Kuwait, led by His Highness the Amir Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah, for their leadership and vision in upholding peace and security in our beloved Kuwait.

Sincerely,,

Faisal Jamil Sultan Al-Essa

Vice Chairman and CEO

BOARD OF DIRECTORS

HASSAN BASSAM AL-HOURY
Chairman - Independent

FAISAL JAMIL SULTAN AL-ESSA
Vice Chairman

TAREK ABDUL-AZIZ SULTAN AL ESSA
Board Member

BADER ABDULMOHSEN EL-JEAAN
Board Member

EHAB FEKRY AZIZ
Board Member

CHRISTOPHER MICHAEL GORDON
Board Member - Independent

NREC IN BRIEF

Established in 1973 and listed in Boursa Kuwait, **National Real Estate Company (NREC)** is a real estate investment, development and property manager based in the Middle East and North Africa. The Company's portfolio comprises a mix of retail, commercial and residential properties in the region. In addition to its core real estate business, **NREC** is the largest shareholder with a 22.3 % share in Agility Public Warehousing Company K.S.C.P., which is one of the leading logistics companies in the world.

SECTORS

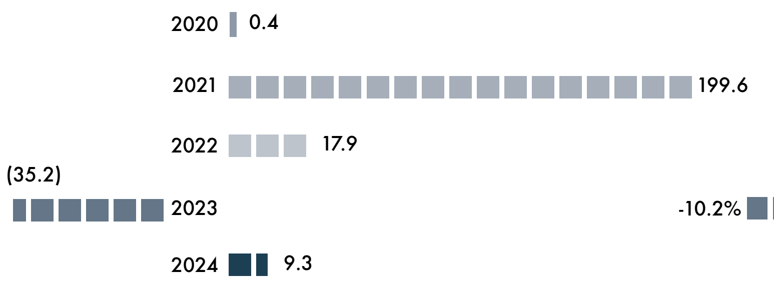
RESIDENTIAL | MALLS | COMMERCIAL | INDUSTRIAL | WAREHOUSING | RESORTS

2024 FINANCIAL HIGHLIGHTS

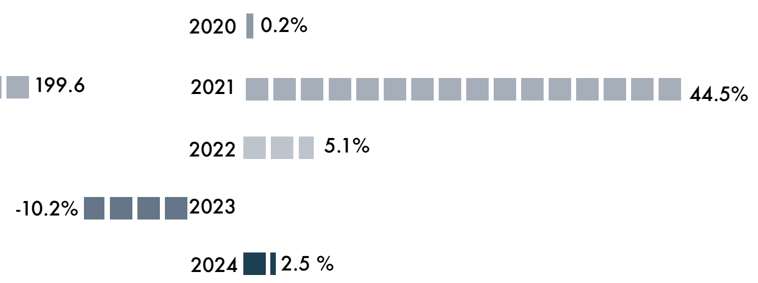
SHAREHOLDERS' EQUITY
KD **374** MILLION

TOTAL ASSETS
KD **574** MILLION

NET DEBT TO EQUITY
0.31

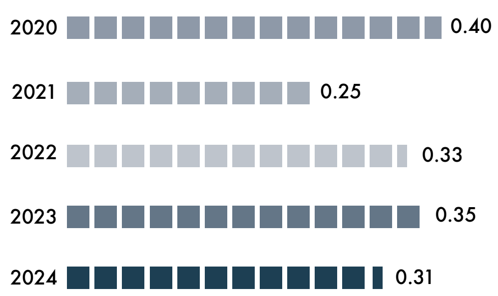


NET PROFIT (KD million)

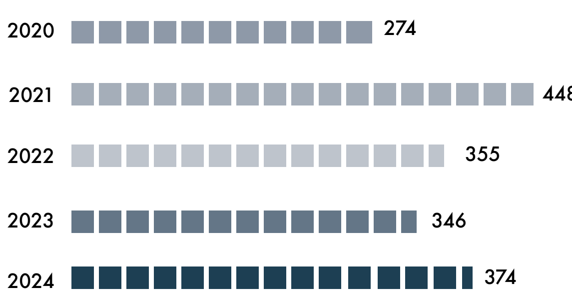


RETURN ON EQUITY (%)

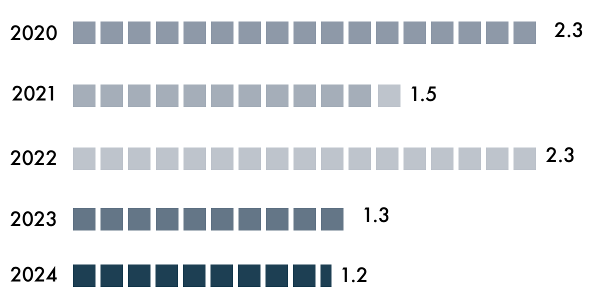
TOTAL ASSETS (KD million)



NET DEBT TO EQUITY (Ratio)



SHAREHOLDERS' EQUITY (KD million)



CURRENT RATIO (Ratio)

KEY PORTFOLIO DEVELOPMENTS

REEM MALL

Total Area: 2.8 million sqft **Asset Type:** Commercial, Edutainment

Reem Mall, home to Snow Abu Dhabi – the region's largest snow park – is a $1.3 billion development rapidly becoming the ultimate destination for shopping, dining, lifestyle, and entertainment in Abu Dhabi. The mall spans an area of 186,000 sqm of Gross Leasable Area (GLA), making it one of the largest malls in the region. With more than 400 stores, including 80 F&B concepts and 6,400 parking spaces, it caters to visitors from across the UAE and beyond.
Featuring unique retail concepts such as the world's only Bloomingdale's Beauty, the UAE's only Fratelli Damianti Parfum, the first Eataly in the capital, Garmin, and the women's fitness concept FitnGlam – all Abu Dhabi exclusives – Reem Mall provides a one-of-a-kind offering for both residents and tourists. It is also the home of home furnishings in Abu Dhabi, housing the largest selection of home stores in the capital, with over 20 market-leading home and specialty brands. These include Marina Home, Homecentre, Home Box, Better Life, Danube Home, Zara Home, Jashanmal, Chattels & More, The One, and Suncoast, among others.
Reem Mall also boasts an unmatched entertainment offering. Snow Abu Dhabi, the region's largest snow park, features over 20 rides and attractions for guests to enjoy. This is complemented by the only VOX Cinemas in the UAE, offering exclusive private screening experiences, as well as the UAE-exclusive gaming and entertainment concept Cube Challenges, which includes 32 rooms filled with fun, engaging mental, physical, and skills-based challenges. For younger visitors, Orange Wheels offers a fun and educational space where children can play, learn, and celebrate special occasions. In 2025, Reem Mall will also introduce Ground Control – another Abu Dhabi-exclusive entertainment concept – and unveil Mini Bounce, further enhancing interactive entertainment for the community.
Anchored by Carrefour hypermarket and complemented by leading brands like Zara, Nike, Sephora, Pull & Bear, Massimo Dutti, Calvin Klein, Brands for Less, Wagamama, and many more, visitors will find everything they need under one roof. Reem Mall's convenient location, exceptional facilities, and unparalleled shopping experience make it the perfect family destination for both local residents and tourists visiting Abu Dhabi.

For more information about the stores in Reem Mall, please visit: www.reemmall.ae

GRAND HEIGHTS

Plot Area: 3.8 million sqms **Asset Type:** Residential, Community
Delivery of Units: Ongoing

Grand Heights is a high-end suburban living community that offers an innovative and unique lifestyle in Cairo, Egypt. The design recreates the concept of living by adding new standards that combine comfort, convenience and luxury. Grand Heights cater to dynamic individuals and families who are looking for the best quality of living in every way possible, having at their disposal a unique range of services, world-class architectural design, interior design, and landscaping.

Glory, a second part of the larger Grand Heights developments, was launched in 2016 to offer semi-finished units to a new segment of residents.

Grand Height is part of a larger plot owned by our subsidiary KUWADICO, and in which three sub-developers are developing various portions. Grand Heights is located 30 kilometers west of the center of Cairo, and 3 kilometers north of 6th October City. The site is only a few minutes from the 26th of July Highway and the Cairo-Alex Desert Road. The Mall of Arabia is located 7 km to the east.

KUWADICO has launched its custom digital community management application catering to the hundreds of residents who have moved into their new homes.


DAMAC
RM
ريم مول
Reem Mall


SNOW-ABU DHABI
سنوأبوظبي
BLIZZARD'S BAZAAR


GRAND HEIGHTS
GATE 3
GRAND HEIGHTS


NREC-JO

APPROACH TO CORPORATE RESPONSIBILITY

NREC upholds the highest ethical standards in conducting its business and is deeply committed to creating a safe and inclusive work environment for its employees, while also operating in an environmentally responsible manner. The Company recognizes its corporate responsibilities as a publicly traded entity and is dedicated to maximizing value for all stakeholders.

In addition to its commitment to social responsibility and community engagement for half a century, NREC invests in projects that have a positive impact on society, the economy, and the environment..

SOCIAL RESPONSIBILITY

At our company, social responsibility extends beyond mere compliance with regulations. We prioritize the development of an inclusive organizational culture where every individual feels valued, respected, and empowered to contribute to our collective success. Through group-level collaboration and teamwork, we strive to create a dynamic and fulfilling work environment that fosters innovation, creativity, and personal growth. Our core principles serve as guiding values in all our interactions, both internally and externally.

We are also firm believers that giving back to the community is an integral part of our mission to enhance the well-being of our shareholders, team members, and their families. As such, we actively engage in various philanthropic initiatives and community programs aimed at improving the well-being of others and making a meaningful difference in their lives.

ENVIRONMENTAL RESPONSIBILITY

We maintain our commitment to sustainable business practices in our daily activities, as we work to foster a culture of environmental responsibility not only within our organization but also in the communities where we operate.

We recognize the interconnectedness of all living beings and ecosystems and understand that our actions have far-reaching consequences. As such, we strive to inspire positive change and to promote sustainable environmental practices.

NREC's general approach to corporate responsibility closely aligns with the United Nations Sustainable Development Goals (UNSDGs).

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

UN WOMEN

United Nations Global Compact

Endorsing THE WEPS (Women's Empowerment Principles)

High-level corporate leadership

Treat all women and men fairly at work without discriminaton

Employee health, well-being and safety

Education and training for career advancement

Enterprise development, supply chain and marketing practices

Community initiatives and advocacy

Measurement and reporting

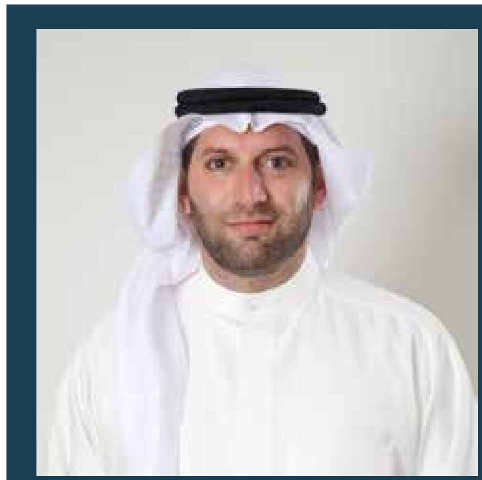
NREC is a signatory of WEPs (Women's Empowerment Principles).

The WEPs provide businesses with a set of principles that offer guidance on promoting gender equality and women's empowerment in the workplace, marketplace, and community.

The WEPs, established by UN Global Compact and UN Women, are based on international labor and human rights standards, recognizing that businesses have a responsibility for gender equality and women's empowerment.

They are a critical means for companies to promote gender equality in the context of the 2030 Agenda and the UN Sustainable Development Goals.

Our company has demonstrated our dedication to this agenda at the highest levels by joining the WEPs community and committing to collaborating with multistakeholder networks to promote business practices that empower women. This includes initiatives such as equal pay for work of equal value and a zero-tolerance policy towards sexual harassment in the workplace.



"At NREC, we embrace diversity, equity, and inclusion as the foundation for an environment that fosters innovation, supports sustainability, and is essential for business to be progressive. Endorsing the WEPs (Women's Empowerment Principles) reflects our commitment to promote diverse, equitable, and inclusive workplaces and societies."

Faisal Jamil Sultan Al-Essa
Vice Chairman and CEO

Joining the KWEEP (Kuwait Women's Economic Empowerment Platform)

KUWAIT
WOMEN'S ECONOMIC
EMPOWERMENT
PLATFORM

In line with its commitment to gender equality and women's economic empowerment, NREC has joined KWEEP (Kuwait Women's Economic Empowerment Platform).

Launched in June 2022, KWEEP is an innovative and pioneering initiative that "aims to support the growth and advancement of women in the workplace by promoting the adoption of real and sustainable policies focused on various aspects of women's empowerment in the private sector. With a particular emphasis on recruitment, retention, and leadership in Kuwait's private sector, KWEEP is committed to fostering a more inclusive and diverse professional landscape in the country."

KWEEP'S MISSION

Achieve Kuwait's economic goals by increasing the employment of Kuwaiti women in the private sector and their advancement into leadership positions.

Support the growth and advancement of women in the workplace and promote the adoption of real and sustainable policies on various topics related to women empowerment in the private sector.

KWEEP'S VISION

Establish a platform where private sector companies will collaborate to achieve Kuwait's economic goals by increasing the employment of Kuwaiti women in the private sector and their inclusion in leadership positions.

The platform will also aid female professionals in achieving their personal development goals and support a new generation of young female leaders.

This initiative aligns with UNSDG 5 (Gender Equality), as well as pillar no 5 (Creative Human Capital) of the Kuwait New Vision 2035.

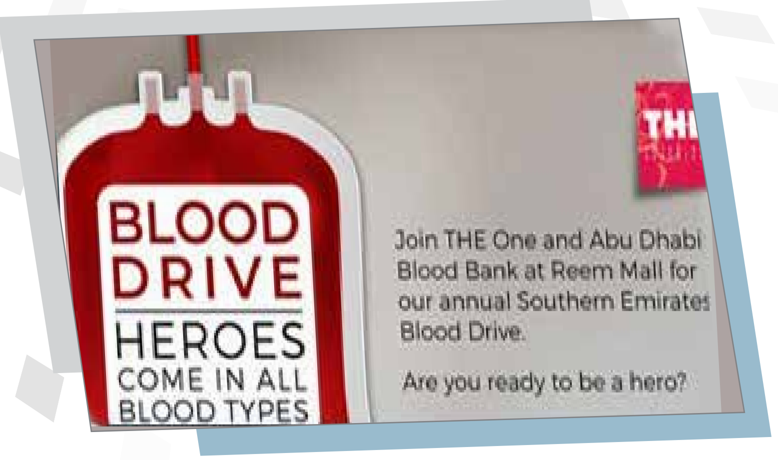
NREC's Commitment to Diversity, Equity, and Inclusion: A Holistic Approach to Supporting Employees During Critical Illness

NREC is deeply committed to diversity, equity, and inclusion, ensuring that every employee receives comprehensive support, particularly during times of critical illness. Recognizing that health challenges extend beyond physical symptoms, NREC provides a multi-dimensional approach to support its employees—emotionally, financially, and practically. The company offers flexible work options such as remote work and adjustable hours, allowing employees to manage their health needs without compromising their professional responsibilities. This flexibility enables individuals to focus on recovery while staying connected to their roles in a way that feels manageable and sustainable.

Beyond logistical accommodations, NREC offers strong emotional support by fostering an inclusive environment where open communication is encouraged. Employees facing critical illness are not only given the space they need to heal but also receive reassurance from a leadership team committed to compassion and understanding. This creates an environment where employees feel valued and supported, knowing that their well-being is a priority.

Financially, NREC supports its employees through generous benefits packages that include comprehensive medical coverage, extended sick leave, and other financial assistance options to help with healthcare costs. These provisions are designed to ease the burden of critical illness by ensuring employees have the resources they need to focus on their health and recovery without financial strain. This commitment to financial support goes beyond basic benefits, as NREC seeks to ensure that employees can maintain financial stability during difficult times.

As NREC's CEO states, "We embrace diversity, equity, and inclusion as the foundation for an environment that fosters innovation, supports sustainability, and is essential for business to be progressive and expand." By embedding these values into its policies, NREC ensures that every employee, regardless of their personal circumstances, has the opportunity to thrive in a supportive and inclusive work environment. This holistic approach to care and inclusion is central to NREC's mission of not only supporting employees during critical times but also fostering long-term success and well-being for all.



Embracing the UN Sustainable Development Goals: Company Initiatives in Action

At the group level, NREC has undertaken a series of impactful initiatives that closely adhere to the United Nations Sustainable Development Goals (UNSDGs), reflecting its dedication to promoting sustainable development and advancing societal advancement. From promoting environmental stewardship to advocating for social inclusion and economic empowerment, these initiatives represent a collective effort to address some of the world's most pressing challenges. It is our pleasure to share with you a comprehensive list of these initiatives that showcase NREC's proactive approach to corporate responsibility, closely aligning with UNSDGs.

Contribution to UNSDGs	Accomplishment
1 NO POVERTY	• Our joint venture in Libya has extended its support to several impactful initiatives: • SOS Children's Village: This organization provides a safe and stable environment for children at risk of losing their families or those who have already lost them. SOS Children's Village addresses both immediate and long-term needs, ensuring vulnerable children have access to education, healthcare, and emotional support—critical elements in breaking the cycle of poverty. • Community Outreach Programs: Efforts like the HopeXchange Foundation in Ghana provide job training and housing for underserved communities, empowering individuals to break free from the grip of poverty. • Social Welfare Initiatives: In partnership with organizations such as Acreditar Houses, housing and essential support are offered to families of children undergoing cancer treatment, particularly for those who must travel to urban centers for medical care, ensuring they have a safe place to stay during such challenging times.
2 ZERO HUNGER	• Support for Local Farmers: Reem Mall supports initiatives like the Farmers Market, which brings fresh, organic produce to the community, empowering small-scale farmers and ensuring access to affordable, healthy food. • Our joint venture in Libya has been engaged in: • Food Redistribution Partnerships: Collaboration with Refood to redistribute excess food, helping feed families in need across multiple properties and locations. The initiative also includes sustainability programs focused on food waste reduction. • Support for Global Food Security: Through partnerships with organizations like Feed the Hungry, nutritional meals have been provided to underserved communities in regions impacted by poverty and hunger.
3 GOOD HEALTH AND WELL-BEING	• Health Awareness Campaigns: Reem Mall promotes health and well-being through initiatives like Breast Cancer Awareness and Movember, in partnership with Mediclinic, to raise awareness about men's health and breast cancer prevention. • Fitness Programs & Health Screenings: The mall offers fitness classes in collaboration with FitnGlam and Garmin, encouraging an active lifestyle. Events like the Reem Mall Run and regular health screenings provide proactive health services for visitors. • Our joint venture in Libya has been involved in: • Partnership with Make-A-Wish: Collaboration with the Make-A-Wish Foundation to grant wishes to children with life-threatening conditions. • Support for Health Charities: Engaging in health charity initiatives that ensure underprivileged children and families have access to essential medical services and support, improving their overall well-being.

Contribution to UNSDGs	Accomplishment

4 QUALITY EDUCATION	• Educational Workshops: Reem Mall has hosted initiatives such as the Kis Workshops, offering educational programs centered around sustainability. These workshops teach families practical eco-friendly practices like recycling and planting, promoting environmental responsibility
	• Collaborations for Child Education: In partnership with Orange Wheels, Reem Mall provides educational programs that focus on healthy living and sustainability, empowering children to develop responsible citizenship skills.
	• Our joint venture in Libya has extended support to:
	  ◦ Training Programs for Local Communities: Providing educational opportunities through programs like Pathways to Professionalism, designed to help local communities and employees enhance their professional skills.
	  ◦ Culinary Training in Ghana: In collaboration with the HopeXchange Foundation, culinary training was provided in Ghana, improving meal quality while creating job opportunities in underserved areas.

5 GENDER EQUALITY	• NREC is a signatory of WEPs (Women's Empowerment Principles). The WEPs provide businesses with a set of principles that offer guidance on promoting gender equality and women's empowerment in the workplace, marketplace, and community.
	• In line with our commitment to gender equality and women's economic empowerment, NREC has joined KWEEP (Kuwait Women's Economic Empowerment Platform).
	• This platform aims to:
	  ◦ Share knowledge on gender-smart solutions.
	  ◦ Collaborate to achieve gender-focused commitments to hire, retain, and develop women to become leaders in the private sector.
	  ◦ Support women-owned women-led businesses and start-ups
	This initiative aligns with UNSDG 5 (Gender Equality), as well as pillar no 5 (Creative Human Capital) of the Kuwait New Vision 2035.
	• Equal Pay and Opportunities: NREC ensures equal pay for equal work and actively promotes gender equality in leadership roles across its properties. The company implements policies to ensure female employees have equal access to career advancement.
	• Support to Abolish 153: We are proud to support Abolish 153, an organization dedicated to creating a safer environment for women in Kuwait by advocating for the abolition of Article 153 in Kuwait's penal code. This law, which grants men undue regulatory, judicial, and executive power over their female family members, undermines women's rights and violates the constitution, international agreements on human rights, and even Islamic Sharia. The organization's goal is to protect mothers, daughters, sisters, and wives from all forms of violence by raising awareness about these harmful practices and the legislation that sanctions them. In addition, Abolish 153 seeks to ensure the creation of safe houses for women at risk, a critical need in Kuwait. We stand in solidarity with their mission to protect women, uphold their rights, and fight for meaningful change.
	• Supporting Women's Health and Empowerment: Reem Mall celebrates International Women's Day by hosting events promoting women's rights, such as health screenings and workshops.
	• Female Entrepreneurship Programs: Reem Mall supports female entrepreneurs through pop-up markets and collaborations with female-run brands, providing women with opportunities to establish and grow their businesses.
	• At the group level, our joint venture in Libya has been actively involved in supporting women's education and training. Through partnerships with organizations like Make-A-Wish and Acreditar, help has been extended to empower young girls and women by providing access to educational opportunities, career training, and mentorship programs.

Contribution to UNSDGs	Accomplishment
6 CLEAN WATER AND SANITATION	• Water Efficiency Across Properties: NREC (Group-level) ensures all its properties adhere to water-efficient standards, using rainwater harvesting systems, recycling water for landscaping, and adopting water-saving technologies. • Supporting Clean Water Projects: NREC (Group-level) collaborates with organizations like Charity: Water to bring clean water to remote or underserved areas in Africa, ensuring access to safe drinking water in communities with limited resources.

7 AFFORDABLE AND CLEAN ENERGY	• Solar Panels & Energy-Efficient Solutions: Reem Mall has integrated solar panels across its rooftops and implemented energy-efficient lighting (LEDs) and smart climate control systems in various areas of the mall, including Snow Abu Dhabi, its winter-themed attraction.
	• Sustainability Impact: The energy-efficient cooling systems reduce energy consumption while maintaining a comfortable environment. The solar panels also reduce reliance on fossil fuels, lowering the mall's carbon footprint and supporting global renewable energy transitions.
	• Outcome: Significant reductions in energy costs and carbon emissions.
	• At the group level, several key initiatives have been implemented:
	  ◦ Sustainable Real Estate Initiatives: NREC has adopted sustainable technologies across its real estate portfolio, including the integration of solar power solutions into multiple properties, reducing energy consumption.
	  ◦ Global Contribution: These initiatives align with global climate goals and reduce carbon footprints across NREC's portfolio of properties.

8 DECENT WORK AND ECONOMIC GROWTH	• NREC is committed to providing its employees with comprehensive and fulfilling employment and receiving satisfactory working conditions, ensuring satisfactory working conditions regardless of challenges. In response to the emergence of local regulations pertaining to workers over the age of 60 in 2022, which posed financial burdens due to residency permit renewals, NREC has pledged to cover the costs of renewing permits for all employees aged 60 and above. This initiative underscores the company's steadfast dedication to improving the quality of life for its workforce. • Support for Local Entrepreneurs: Reem Mall plays a vital role in fostering local economic growth through initiatives like the Farmers Market, which supports small-scale farmers and local entrepreneurs by offering fresh, organic produce to the community. • Promotion of Ethical Brands: The mall promotes local and ethical brands, ensuring fair trade practices and paying fair wages to workers. This includes collaborations with brands like Patagonia and The Green Ecostore. • At the group level, our joint venture in Libya collaborates with the HopeXchange Foundation in Ghana to provide culinary training to local employees, creating job opportunities and boosting the local economy.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Sustainable Infrastructure Practices: NREC ensures its properties meet high sustainability standards by implementing energy-efficient systems, renewable energy solutions, and innovative green building technologies. • Investing in Smart Technologies: NREC invests in digital transformation and smart building technologies across its real estate developments, contributing to sustainable urban development and improved living and working conditions.

Contribution to UNSDGs	Accomplishment
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• NREC's support for the Kuwait commute initiative: This support aligns with SDG 9 by focusing on the development of efficient and sustainable transportation infrastructure. Through investments in modernizing public transport systems and integrating innovative technologies, NREC is helping to build resilient and eco-friendly infrastructure. This not only improves urban mobility but also fosters economic growth and innovation, helping to create a more sustainable and efficient transportation ecosystem in Kuwait. • Reem Mall is the first fully digitally enabled smart mall in the Middle East. The mall has introduced a transformational aggregated application, which represents a first-of-its-kind innovation. The app's capabilities will be enhanced by a robust digital infrastructure, bringing together the entire mall ecosystem on a single platform. This groundbreaking development promises to revolutionize the experience for both retailers and consumers alike. • KUWADICO Egypt, has launched its custom digital community management application catering to the hundreds of residents who have moved into their new homes.
10 REDUCED INEQUALITIES	• Accessibility & Inclusivity: Reem Mall ensures its facilities are accessible to everyone by including wheelchair ramps, accessible bathrooms, and sensory spaces for people with disabilities. • Inclusive Attractions: Attractions like Snow Abu Dhabi, Cube Challenges, and Orange Wheels are designed to be inclusive and family-friendly, ensuring all visitors can enjoy the mall's offerings. • Support for Vulnerable Groups: NREC (Group-level) partners with organizations like SOS Children's Village and Acreditar Houses, providing housing and support for families of children undergoing cancer treatment. • Reducing Inequality: NREC also focuses on local community outreach programs, providing equal opportunities for disadvantaged groups. Our support to Abolish 153 falls under this criteria.
11 SUSTAINABLE CITIES AND COMMUNITIES	• NREC's support for Kuwait's commute initiative: This support aligns with SDG 11 by promoting sustainable transportation systems. By encouraging the use of eco-friendly transportation options, such as public transit, cycling, and walking, NREC is contributing to the creation of more sustainable, resilient, and inclusive cities. These efforts help reduce traffic congestion, lower air pollution, and improve the overall quality of life for residents, in line with the goal of making cities and human settlements inclusive, safe, and sustainable. • Waste Reduction & Recycling Efforts: Reem Mall actively promotes sustainable urban living through collaborations with local organizations for waste reduction and recycling. • Educational Events: The mall hosts events like Kis Workshops, where families learn about sustainability, recycling, and eco-friendly living to reduce their ecological footprint. • Sustainable Real Estate Practices: NREC ensures its properties follow green building practices, making them energy-efficient and environmentally responsible. • Urban Pollution Reduction: NREC partners with Zibel Malta to reduce urban pollution and supports sustainable urban development goals. • Promoting Sustainable Living: Grand Heights Egypt offers its residents self-sustainable compound living.

Contribution to UNSDGs	Accomplishment
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Waste Management Systems: The mall has developed an extensive waste management system, with recycling bins and incentives for visitors to use reusable bags. This encourages visitors and tenants to reduce plastic waste and adopt eco-friendly behaviors. • Partnerships for Sustainable Waste Disposal: Reem Mall collaborates with a leading waste management company in the UAE, to promote sustainable waste disposal. • Sustainable Products: The mall works with eco-friendly brands that focus on sustainable sourcing and packaging. • Partnership with Refood: NREC (Group-level) collaborates with Refood, a global food rescue initiative, to redistribute excess food and reduce food waste, supporting a circular economy. • Plastic Cap Collection Initiative: NREC (Group-level) supports the plastic bottle cap initiative, where collected caps are sold to raise funds for the Make-A-Wish Foundation, helping provide medical treatments for children in need.
13 CLIMATE ACTION	• NREC's support for the Kuwait commute initiative: This support aligns with SDG 13 by helping to reduce the carbon footprint of transportation. By advocating for cleaner, more sustainable modes of transportation, NREC is directly contributing to efforts aimed at combating climate change. Encouraging the use of public transport, electric vehicles, and other green commuting alternatives helps lower greenhouse gas emissions, promoting environmental sustainability and climate action. • Energy-Saving Measures: The mall actively reduces greenhouse gas emissions through low-energy cooling systems in flagship attractions like Snow Abu Dhabi and energy-efficient LED lighting in common areas. • Tenant Collaboration: Reem Mall collaborates with tenants to implement energy-saving programs and raise awareness about reducing carbon footprints. • Environmental Clean-Up Campaigns: NREC (Group-level) organizes beach clean-ups in collaboration with Zibel Malta, an environmental NGO, to remove waste from water bodies and reduce the risks of water pollution. • Green Energy Solutions: NREC (Group-level) continues to invest in green energy solutions across its properties, contributing to sustainable practices and reducing its environmental impact.
14 LIFE BELOW WATER	• Supporting Marine Conservation: NREC (Group-level) partners with Zibel Malta to organize beach clean-ups and reduce plastic pollution in coastal areas, promoting marine ecosystem protection. • Environmental Advocacy: NREC (Group-level) supports initiatives focused on reducing water pollution and promoting sustainable water use in coastal regions, ensuring healthier oceans and waterways for future generations.

15 LIFE ON LAND	• Sustainable Landscaping:
	  • Reem Mall uses native plants for landscaping, reducing water consumption and supporting local biodiversity. The mall also integrates green spaces and natural habitats into its design.
	  • Greenery enhancements in and around Grand Heights, Cairo, Egypt, which fosters a healthier urban environment and supports biodiversity, improving community well-being.

Contribution to UNSDGs	Accomplishment
15 LIFE ON LAND	• Its associate company Agility's investment in eco-friendly solutions like Volta Trucks, which promotes sustainable transportation, reducing CO_2 emissions, and air pollution, and enhancing environmental sustainability. • Green Spaces and Biodiversity Projects: NREC (Group-level) develops green spaces within its real estate portfolio, preserving natural habitats and promoting biodiversity by planting native species and creating ecological corridors. • Land Conservation and Education: NREC (Group-level) works with organizations like Zibel Malta to promote sustainable land practices, raise awareness about land degradation, and support conservation efforts for wildlife and plant species.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Supporting the Abolish 153 initiative: This support aligns with SDG 16: Peace, Justice, and Strong Institutions. This goal advocates for the promotion of the rule of law, access to justice, and the protection of human rights for all. By pushing to abolish Article 153 in Kuwait's penal code, which currently provides legal immunity to men who commit violence against female relatives, the initiative directly challenges unjust legal practices and seeks to ensure that women are protected under the law. It calls for stronger legal institutions that uphold human rights and foster justice for all, particularly vulnerable women and girls, creating a safer and more equitable society. Through these efforts, we help advance the creation of fair, inclusive, and accountable legal frameworks that promote lasting peace and justice for all.
17 PARTNERSHIPS FOR THE GOALS	• Collaboration for Sustainability: Reem Mall's success in sustainability is supported by its partnerships with local businesses, wellness brands, and community groups. For example, the Reem Mall Run, supported by sponsors like Decathlon and Mediclinic, highlights collaboration for shared goals of sustainability and health. • Supporting Local Communities: Events like the Farmers Market showcase Reem Mall's commitment to local communities through effective partnership. • Global Partnerships for Impact: NREC (Group-level)'s partnerships with organizations like Make-A-Wish, SOS Children's Village, and Acreditar help advance SDG goals in both local and global communities. NREC ensures collaborative efforts to achieve social impact through these partnerships. • Cross-Sector Collaboration: NREC (Group-level) works with governments, NGOs, and private-sector entities to promote sustainable development, investing in green building solutions and supporting social impact initiatives worldwide.

GOVERNANCE

At our company, we hold the belief that there is nothing more critical than maintaining a reputation for integrity and serving as a responsible fiduciary for our shareholders. We are dedicated to managing our organization for the betterment of our shareholders and prioritize upholding sound corporate governance practices.

NREC maintains a strict adherence to the 11 Corporate Governance rules established by the Capital Markets Authority (CMA):

1. Maintain a Balanced Board
2. Define Roles and Responsibilities
3. Composition of Highly Qualified Candidates for Members of the Board of Directors and Executive Management
4. Safeguard the Integrity of Financial Reporting
5. Apply Sound Systems of Risk Management and Internal Audit
6. Promote Code of Conduct and Ethical Standards
7. Ensure Timely and High-Quality Disclosures and Transparency
8. Respect the Rights of Shareholders
9. Recognize the Roles of Stakeholder
10. Encourage and Enhance Performance
11. Focus on the Importance of Corporate Social Responsibility

For more details, please review the Corporate Governance section of this report.

CORPORATE GOVERNANCE REPORT 2024

Introduction

National Real Estate Company KPSC (the "Company") complies with all the rules and regulations of Corporate Governance outlined in Module 15 (Corporate Governance) of resolution No. (72) for the year 2015 on the issuance of law No. (7) for the year 2010 on the establishment of the Capital Markets Authority and the regulation of securities activities. The compliance also supports the aspirations of the company's business and ensures professionalism, responsibility, and control over the performance as those rules are an important part of the company's identity. The Company adopts all institutional discipline standards outlined in the Corporate Governance Module, which includes the roles and responsibilities of the Board of Directors (the "Board"), the Chairman and the Chief Executive Officer, the competent committees, as well as the disclosure frameworks and standards of proper and sound risk management.

The Company adopts policies of neutrality and independence on many levels and functions. For example, the separation of the Chairman position from the Chief Executive Officer. Moreover, the Company has also outlined the responsibilities of the Board of Directors and their ability to oversee the Company's internal control system and ensure its efficiency. The Company also adopts a clear policy for disclosure and transparency of information to reflect accurate and timely communication with its shareholders.

Additionally, as per the Company's organizational structure, the Board plays a key role in ensuring that the Company has a sound corporate governance framework aligned with regulatory requirements. Accordingly, it is the ultimate responsibility of the Board to ensure that the Company complies with all its legal obligations in accordance with its articles of association and commitment to its duties towards shareholders.

The Board has formed three committees that, along with the Executive Management and the internal and external auditors of the Company, support the Board in carrying its duties and responsibilities. These committees are: The Risk Management Committee, The Audit Committee and The Nomination and Remuneration Committee.

The Board confirms its devotion to the independence of both internal and external auditors, and to the principle of the independence of the Board, in terms of the commitment of each member of the Board to perform his role towards the Company and the shareholders, without being under the influence of any factor that may limit his ability to contribute to the discussion of the company's activities Strictly and objectively.

Corporate Governance Framework

The Corporate Governance Framework provides the Company's Board of Directors, management and stakeholders with clear policies and guidelines to ensure that the Company's objectives are met whilst managing the stakeholder expectations.

The Board of Directors (the "Board") of National Real Estate Company (hereinafter referred to as "NREC" or "the Company") is keen to adopt a sound Corporate Governance Framework that would enhance the overall governance environment within the Company and is in line with applicable leading practices, laws and regulations.

The Board remains determined in its endeavor to meet the requirements of the Corporate Governance Regulations issued by the Capital Markets Authority at a minimum, in terms of its disclosures to the regulatory and its stakeholders. The Corporate Governance Framework adopted by the Company is governed by the following:

- The Company's Memorandum of Incorporation
- The Company's Articles of Association
- CMA's Corporate Governance related regulations
- The provisions of Companies Law

The Board, through concerned committees, shall oversee the implementation of the Corporate Governance Framework. The proper implementation and monitoring of the framework shall also ensure the Company's compliance with applicable laws and regulations.

The Board intends to review its Corporate Governance Framework and all related policies through concerned committees and departments on an annual basis or when needed at its sole discretion and to the extent required under the applicable Laws and Regulations. The Board will also ensure through such reviews that its Corporate Governance Framework remains in line with leading practices.

Key Policies required in the Corporate Governance Framework

The following are the key policies required by the CMA rules and regulations as part of the Corporate Governance Framework:

1. Code of Conduct
2. Shareholders Protection
3. Stakeholders Protection
4. Disclosure
5. Conflict of Interest
6. Whistleblowing
7. Related Party Transactions
8. Corporate Social Responsibility
9. Remuneration of Board of Directors and Executive management
10. Compliance Policy
11. Investment Policy

The Company has developed a separate policy for each of the policies listed above, each policy complies with applicable corporate governance rules and other applicable laws and regulations.

Corporate Governance Rules and Regulations

National Real Estate Company KPSC is driven by the principles of integrity, team work, accountability, customer satisfaction and sustainability. The Company is committed to maintaining a high standard of corporate governance in complying with the requirements of the Capital Markets Authority (CMA).

The Company has complied with all the eleven rules of the corporate governance. The details of compliance for each of the rules are described below:

Rule I: Construct a Balanced Board

Board Composition

The Board of Directors is composed of Six (6) members. The majority of the directors are non-executive, and two (2) members are independent. The Independent Members meet all the criteria necessary to ensure their independence.

The Board of directors bears the overall responsibility for the Company and the supervision of the Executive Management, including approval, setting and monitoring the implementation of the Company's strategic objectives and risk strategy. The Board of Directors is also responsible for preparing the corporate governance framework and monitoring the effectiveness of its implementation in a manner that protects the rights of shareholders and stakeholders and maximizes the value of the Company.

The Board is also keen to create long-term benefits for stakeholders in a responsible manner towards the environment and society.

The Board of Directors possesses extensive experience in the fields of finance, economics, governance, risk management, and strategic planning. The Board's structure has thus preserved its supervisory role and contributes effectively by fulfilling its responsibilities to the fullest. The following is a brief about the formation of the Board of Directors:

Name	Designation	Classification	Qualifications	Date of Last Appointment
Mr. Hassan Bassam Al-Houry	Chairman	Independent	Master in Business Administration	June 18, 2023
Mr. Faisal Jamil Sultan Al Essa	Vice Chairman	Executive	Bachelor in Business Administration	May 23, 2022
Mr. Ehab Fekry Aziz	Director	Non-Executive	Bachelor in Finance	May 23, 2022
Mr. Tarek Abdul-Aziz Sultan Al Essa	Director	Non-Executive	Master in Business Administration	May 23, 2022
Mr. Bader Abdulmohsen El Jeaan	Director	Non-Executive	Master in Law	May 23, 2022
Mr. Christopher Michael Gordon	Director	Independent	Master in Civil Engineering	May 23, 2022
Mrs. Angie Samir Ahmed	Board Secretary	Board Secretary	Bachelor in Law	November 13th, 2017

Details of the Board of Directors' Meetings:

Board member name	30 Mar 2024	15 May 2024	10 June 2024	30 July 2024	14 Aug 2024	17 Sep 2024	14 Nov 2024	No. of attendances	No. of absences
Mr. Hassan Bassam Al Houry	✓	✓	✓	✓	✓	✓	✓	7	0
Mr. Faisal Jamil Sultan Al Essa	✓	✓	✓	✓	✓	✓	✓	7	0
Mr. Ehab Fekry Aziz	✓	✓	✓	✓	✓	✓	✓	7	0
Mr. Tarek Abdul-Aziz Sultan Al Essa	✓	✓	✓	✓	✓	✓	✓	7	0
Mr. Bader Abdulmohsen El Jeean	✓	✓	✓	✓	✓	✓	✓	7	0
Mr. Christopher Michael Gordon	✓	✓	✓	✓	✓	✓	-	6	1

(✓) is indicated for members presence and (-) is indicated for members absence.

The Board meetings during the financial year of 2024 were convened (7) Board Meetings based on the invitation of the Chairman in accordance with the Company's articles of association, the applicable laws and the CMA requirements. The business of the meetings was discussed and decisions were passed in line with the applicable laws.

The Board members had access to the relevant meeting's materials prior and during the meetings.

In addition to the Board meetings, (1) resolution was also made by circulation during 2024, as per the following:

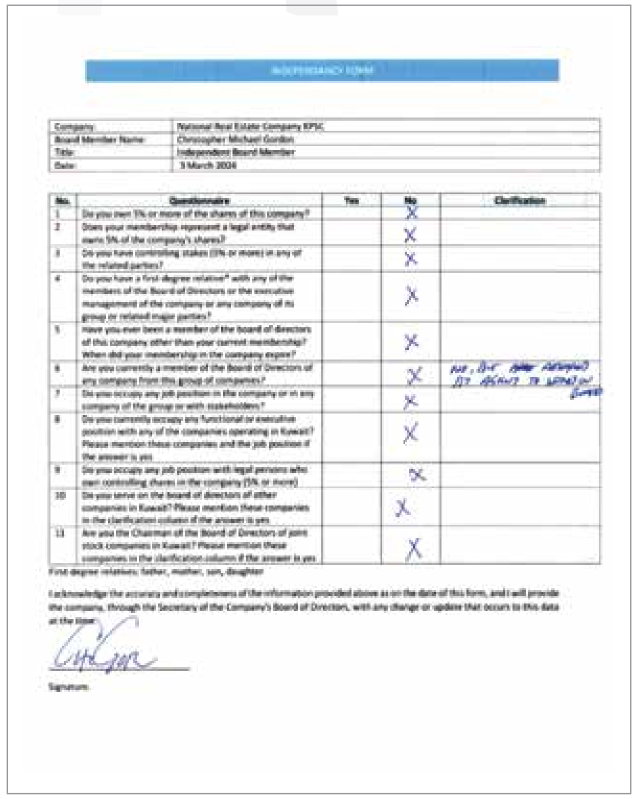
Resolution Number	Date
(1/2024)	11 Feb 2024

A brief on implementing the requirements to register, coordinate and archive the minutes of the Board of Director meetings:

The Board Secretary ensures that the Board of directors are obtaining the required information and documents, in coordination with the Executive Management, to submit the reports and documents to the Board in a timely manner, with the exception of emergency meetings, The Meetings' Agenda items are being set to suit the requirements of all Board members.

The Board Secretary also keeps and registers the minutes of meetings and the taken decisions by the Board and the committees in a special registry that is kept securely within the company, In addition to preparing the minutes of all board of directors' meetings, committees and resolutions by circulation, and keep them in accordance with the requirements of the Capital Markets Authority. The Board secretary also ensures appropriate communication between the Board of directors and the stakeholders in the Company. Moreover, The Company's articles of association is managing the process of the Board meetings attendance, and how to deal with irregular attendance of the Board meetings.

The independent member's declaration of independency:



INDEPENDANCY FORM

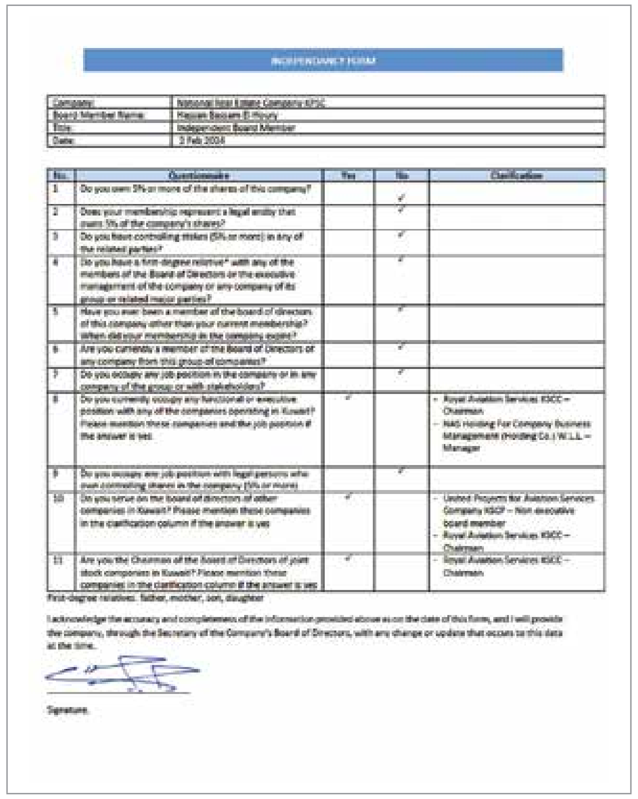
Company:	National Real Estate Company KPSC
Board Member Name:	Christopher Michael Gordon
Title:	Independent Board Member
Date:	3 March 2024

No.	Questionnaire	Yes	No	Clarification
1	Do you own 5% or more of the shares of this company?		X	
2	Does your membership represent a legal entity that owns 5% of the company's shares?		X	
3	Do you have controlling stakes (5% or more) in any of the related parties?		X	
4	Do you have a first degree relative* with any of the members of the Board of Directors or the executive management of the company or any company of its group or related major parties?		X	
5	Have you ever been a member of the board of directors of this company other than your current membership? When did your membership in the company expire?		X	
6	Are you currently a member of the Board of Directors of any company from this group of companies?		X	[illegible]
7	Do you occupy any job position in the company or in any company of the group or with stakeholders?		X	
8	Do you currently occupy any functional or executive position with any of the companies operating in Kuwait? Please mention these companies and the job position if the answer is yes		X	
9	Do you occupy any job position with legal persons who own controlling shares in the company (5% or more)		X	
10	Do you serve on the board of directors of other companies in Kuwait? Please mention these companies in the clarification column if the answer is yes		X	
11	Are you the Chairman of the Board of Directors of joint stock companies in Kuwait? Please mention these companies in the clarification column if the answer is yes		X	

First degree relatives: father, mother, son, daughter

I acknowledge the accuracy and completeness of the information provided above as on the date of this form, and I will provide the company, through the Secretary of the Company's Board of Directors, with any change or update that occurs to this data at the time.

Signature



INDEPENDANCY FORM

Company:	National Real Estate Company KPSC
Board Member Name:	Hassan Bassam El Houry
Title:	Independent Board Member
Date:	2 Feb 2024

No.	Questionnaire	Yes	No	Clarification
1	Do you own 5% or more of the shares of this company?		✓	
2	Does your membership represent a legal entity that owns 5% of the company's shares?		✓	
3	Do you have controlling stakes (5% or more) in any of the related parties?		✓	
4	Do you have a first-degree relative* with any of the members of the Board of Directors or the executive management of the company or any company of its group or related major parties?		✓	
5	Have you ever been a member of the board of directors of this company other than your current membership? When did your membership in the company expire?		✓	
6	Are you currently a member of the Board of Directors of any company from this group of companies?		✓	
7	Do you occupy any job position in the company or in any company of the group or with stakeholders?		✓	
8	Do you currently occupy any functional or executive position with any of the companies operating in Kuwait? Please mention these companies and the job position if the answer is yes	✓		- Royal Aviation Services KSCC – Chairman - NAS Holding For Company Business Management (Holding Co.) W.L.L. – Manager
9	Do you occupy any job position with legal persons who own controlling shares in the company (5% or more)		✓	
10	Do you serve on the board of directors of other companies in Kuwait? Please mention these companies in the clarification column if the answer is yes	✓		- United Projects for Aviation Services Company KSCP – Non executive board member - Royal Aviation Services KSCC – Chairman
11	Are you the Chairman of the Board of Directors of joint stock companies in Kuwait? Please mention these companies in the clarification column if the answer is yes	✓		- Royal Aviation Services KSCC – Chairman

First-degree relatives: father, mother, son, daughter

I acknowledge the accuracy and completeness of the information provided above as on the date of this form, and I will provide the company, through the Secretary of the Company's Board of Directors, with any change or update that occurs to this data at the time.

Signature

Rule II: Establish Appropriate Roles and Responsibilities

How the company allocates roles and responsibilities of the Board Members and the Executive Management, and the authorizations given to the Executive Management:

The main tasks of the Board revolve around setting strategic objectives, directives, internal control systems and the Company's business and supervise it, in addition to approving key budgets and financial policies, as well as policies that regulate the relationship with stakeholders. The Board also reviews and approves funding proposals, major investments, and reviews of financial performance and corporate governance practices.

The Board sets the basic principles and approves the Company's plans. It also studies various types of reports, including periodic, semi-annual and annual reports. Furthermore, The Board is keen on appointing executive directors to ensure the efficiency of the Executive Management and the development of workflow.

The Board seeks to enhance the Company's sustainability, by developing the Company's strategy and objectives and raising the market value of the Company, for the benefit of shareholders, employees, society and all stakeholders.

The board is keen on setting up the duties and authorities of the Chief Executive Officer and directing the executive management and establish the appropriate controls for its work, The Board of Directors also delegates certain responsibilities to the Executive Management from time to time depending on the nature of the task required during the financial year, and the scope of delegation and terms are determined in accordance with the decision of the Board of Directors.

Both the Board of Directors and the Executive Management are keen to know their responsibilities towards the company, shareholders and stakeholders, and seek to implement the Code of Conduct, in order to ensure maximizing value for shareholders, stakeholders, and the company as a whole.

The Board of Directors and the Executive Management perform their tasks independently in line with the applicable laws and the requirements of the Capital Markets Authority.

Achievements of the Board of Directors:

The company's Board has a clear vision of the Company's strategy and objectives in order to ensure that the interests of shareholders are achieved. The Board periodically monitors the Company's business and projects, in addition to study and identify risk trends, and works on the continuous development of the governance system. The following are the Board's achievements during the year 2024:

1. Reviewed and discussed the strategy and business plan
2. Reviewed and approved the corporate governance report, Internal Control Report and the Audit Committee Report for the year ended on 2023.
3. Reviewed and approved the financial statements of the Company
4. Reviewed and discussed the progress of the various projects
5. Conducted a performance review for each of the Board members
6. Ensured the accuracy and integrity of the data and information to be disclosed
7. Prepared an annual report on the rules of governance and the extent of the Company's commitment to them
8. Supervised the performance of the Executive Management.

Requirements for forming independent specialized committees by the Board of Directors:

The Board was keen to form several specialized committees that enjoy independence to help the Board perform the tasks entrusted to it. During the year 2024, the committees' Charters were defined and their work was monitored periodically through periodic reports. The following are the Board committees:

1. Audit Committee
2. Risk Management Committee
3. Nomination and Remuneration Committee

Audit Committee:

The functions of the Audit Committee are to set the appropriate standards to verify the strengthening of the internal audit position. The Committee is responsible for assisting the Board in fulfilling its responsibilities related to overseeing the quality and integrity of the accounting, auditing and internal control systems. The Committee also supervises the financial reporting practices, and reviews the effectiveness of the Company's risk management and corporate governance frameworks, as well as the relationship of The Company with external auditors.

Audit Committee	Formed: on May 15, 2023	Period: 2 years	Members: 3
	Members	Role	Classification
Committee Members	Mr. Ehab Fekry Aziz	Chairman	Non-executive
	Mr. Christopher Michael Gordon	Member	Independent
	Mr. Bader Abdulmohsen El Jeean	Member	Non-executive
Committee Meetings	The Committee held 6 meetings during 2024, as per the following:		
Attendees	Mr. Ehab Fekry Aziz	6/6	
	Mr. Christopher Michael Gordon	4/6	
	Mr. Bader Abdulmohsen El Jeean	6/6	
Committee's Achievements	• Reviewed the annual and interim financial statements and submitting recommendations thereon to the Board. • Reviewed significant audit-related issues raised by the internal auditor. • Discussed audit issues and key matters related to auditing with external auditors. • Reviewed the internal control report. • Recommended to the Board to re-appoint external auditors • Reviewed the audit plans proposed by the internal auditor • Review and discuss the decisions issued by the Disciplinary Board of the Capital Market Authority		

Risk Management Committee

The tasks of the Committee are to enhance the supervisory role of the Board and to effectively monitor the Executive Management. The Committee also aims to enhance the effective oversight of the Board over significant transactions within the Company. The responsibilities of the Risk Management Committee include, but are not limited to: Strategic risk, market risk, compliance risk, operational risk, in addition to maintaining oversight over the risk management work of the company.

Risk Management Committee	Formed: on May 15, 2023	Period: 2 years	Members: 3
	Members	**Role**	**Classification**
Committee Members	Mr. Bader Abdulmohsen El Jeean	Chairman	Non-executive
	Mr. Christopher Michael Gordon	Member	Independent
	Mr. Faisal Jamil Sultan Al Essa	Member	Executive
Committee Meetings	**The Committee held 5 meetings during 2024, as per the following:**		
Attendees	Mr. Bader Abdulmohsen El Jeean	5/5	
	Mr. Christopher Michael Gordon	3/5	
	Mr. Faisal Jamil Sultan Al Essa	5/5	
Committee's Achievements	• Reviewed and discussed the key risks of the Company. • Proposed management actions to mitigate the risks. • Prepared quarterly reports containing the nature of the risks and presented them to the Board. • Reviewed periodic risk reports to assess the Company's risks on a quarterly basis and to ensure that it takes the appropriate corrective measures. • Review the risk manager's report on the deals that the company intends to enter into it and submit its recommendations to the Board of Directors		

Nominations and Remuneration Committee:

The tasks of the Committee are to recommend the appointment of members of the Board and their re-nomination for election by the General Assembly as well as to conduct an annual self-evaluation of the performance of the Board. The Committee is also responsible for evaluating the remuneration of the Board members and Executive Management.

Nomination and Remuneration Committee	Formed: on May 15, 2023	Period: 2 years	Members: 3
	Members	**Role**	**Classification**
Committee Members	Mr. Christopher Michael Gordon	Chairman	Independent
	Mr. Bader Abdulmohsen El Jeean	Member	Non-executive
	Mr. Tarek Abdul-Aziz Sultan Al-Essa	Member	Non-executive
Committee Meetings	**The Committee held 1 meeting during 2024, as per the following:**		
Attendees	Mr. Christopher Michael Gordon	1/1	
	Mr. Bader Abdulmohsen El Jeean	1/1	
	Mr. Tarek Abdul-Aziz Sultan Al-Essa	1/1	
Committee's Achievements	• Reviewed the remuneration of the Board members and submitted a report thereon to the Annual General Assembly. • Approve to accrue the staff bonus pool. • Reviewed the Committees fees. • Reviewed the Executive management KPIs. • Insured the independence of the independent members.		

Implementation of the requirements which allow the board members to obtain information and data accurately and in a timely manner:

The Company has adequate IT infrastructure and reporting systems for generating accurate reports on a timely basis. Executive management provides complete and accurate information on a timely basis as required by the Board of Directors to fulfil their duties and roles efficiently and sufficiently.

Rule III: Recruit Highly Qualified Candidates for Members of the Board of Directors and the Executive Management

1- A brief on the Implementation of the requirements to form the Nomination and Remuneration Committee:

The Nominations and Remunerations Committee was formed on 15 May, 2023. The Committee consists of three members of the Board, two non-executive members and one independent member, and this Committee is chaired by the independent member. The committee held 1 meeting during 2024.

The Nomination and Remuneration Committee is responsible for identifying suitable candidates for Board membership, ensuring that there is a succession plan to fill key management positions, and assessing the independency of non-executive members, as well as evaluating the composition of Board committees. The Committee is also responsible for evaluating and approving the remuneration of the Board members and the Executive Management.

2- Brief about the applied compensation and remuneration policy: :

The company has approved the Board of Directors compensation and remuneration policy, along with the compensation and benefits policy for Executive Management. These policies have been designed to motivate the attainment of corporate strategic and operational objectives. Their implementation depends on the performance levels and accomplishments of members of the Board of Directors and Executive Management, as well as on the final results of the Company's operational activities, as per the relevant laws and regulations..

Board of Directors and Executive Management Remuneration

During the year, the following remuneration was provided in the books for the Board and the Executive Management:

Remuneration of the Board Members							
Total Number of Board Members	Remuneration through the Parent Company			Remuneration through Subsidiaries			
	Fixed Remuneration (KD)	Variable Remuneration (KD)		Fixed Remuneration (KD)		Variable Remuneration (KD)	
	Medical Insurance	Annual Remuneration	Committees Remuneration	Medical Insurance	Total Monthly Salaries for the Year	Annual Remuneration	Committees Remuneration
6	-	-	300,000	-	-	23,725	-

The total remunerations and benefits granted to five senior executives who received the highest remunerations, in addition to the CEO and the CFO or their representatives if they are not among them*															
Total Number of Executive Members	Remuneration through the Parent Company								Remuneration through Subsidiaries						
	Fixed Remuneration (KD)						Variable Remuneration (KD)		Fixed Remuneration (KD)						Variable Remuneration (KD)
	Total Monthly Salaries for the Year	Medical Insurance	Annual Tickets	Housing Allowance	Trans-portation Allowance	Children's Education Allowance	Annual Remunera-tion	Special Remuner-ation	Total Monthly Salaries for the Year	Medical Insurance	Annual Tickets	Housing Allowance	Trans-portation Allowance	Children's Education Allow-ance	Annual Re-muneration
7	602,311	6,727	11,842	-	3,600	-	583,000	-	43,842	625	-	-	1,300	-	34,388

*There was no material deviation from the remuneration policy approved by the Board during the year 2024.

Rule IV: Safeguard the Integrity of Financial Reporting

Written undertakings from the Board and the Executive Management on the soundness and integrity of the prepared financial statements:

The Board has obtained a written assurance from the Executive Management on the soundness and integrity of the company financial statements, and it's in compliance with the International Financial Reporting Standards. Based on the written assurance from the Executive Management, the Board has provided a written undertaking to the shareholders on the soundness and integrity of the financial statements. This is appended in the annual report of the Company in line with the corporate governance requirements of the CMA.

Implementation of the requirements to form the Audit Committee:

The Audit Committee was formed on 15 May, 2023. The Committee consists of three members of the Board, one independent members and two non-executive member. A Non-executive member chairs the Committee. The Committee held seven meetings during 2024.

The Audit Committee is responsible to ensure the integrity of accounting and financial reporting and to oversee the effectiveness of the internal and external audit process. The Audit Committee also assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and internal control processes, and oversees the preparation of accurate financial reports and statements in compliance with the applicable legal requirements and accounting standards. The committee discharged its responsibilities in line with its charter and corporate governance requirements of CMA.

The Board with the recommendation of audit committee has appointed head of internal audit to check and report on the adequacy of internal controls. There were no conflicts between the recommendation of the audit committee and the Board resolution.

Ensuring the independence and objectivity of the external auditors of the Company:

RSM Albazie and Co. was re-appointed as the external auditor for the year 2024 by the shareholders in the ordinary general assembly. The Audit Committee has ensured the independence and objectivity of the external auditors.

It was also ascertained when appointing the external auditors that they enjoy independence while undertaking the task of auditing the financial statements.

Rule V: Apply Sound Systems of Risk Management and Internal Audit

Implementation of the requirements to form an independent unit for risk management and internal control:

Risk Management Function:

The Company has established independent risk management function managed by Head of Risk Management. The risk management function is governed by the risk management framework approved by the Risk Management Committee. The Risk Management Function ensures that the overall risks of the Company are effectively managed in coordination with the functional heads and executive management. Risk reports are presented to the Risk Management Committee on a quarterly basis.

Implementation of the requirements to form the Risk Management Committee:

The Risk Management Committee was formed on 15 May, 2023. The Committee consists of three members of the Board, one non-executive member, one executive member and one independent member. A non-executive member chairs the Committee. The Committee held five meetings during 2024.

The Risk Management Committee assists the Board in overseeing the formulation and maintenance of an adequate and effective risk management framework for the Company. The Committee is responsible to review and recommend the risk appetite, review the key risks and the adequacy of the proposed actions to manage the material risks. The Board has established an independent risk management unit based on the recommendation of the Risk Management Committee to measure, monitor and mitigate the risks faced by the company.

Internal Audit

The Company established an in-house independent internal audit function managed by the Head of Internal Audit and is governed by the internal audit framework approved by the Audit committee. Significant issues are reported and discussed with the Audit Committee on quarterly basis. Internal audit also follows up to ensure timely remediation of audit issues and reports the status to the audit committee.

Internal control review

The company has appointed Kreston Kuwait Abdullatif Johar & Partners, another independent external auditor to conduct the internal control system review of the company for the year 2024. There are no high-risk issues raised by the external auditor. The copy of the internal control review report issued by the independent external internal control review auditor is appended.

Rule VI: Promote Code of Conduct and Ethical Standards

A brief on the Company's Code of Conduct which includes the standards and determinants of professional conduct and ethical values:

The Company has adopted a Code of Conduct and other internal policies and guidelines designed to comply with the laws, rules and regulations that govern the Company's business operations. The code of conduct requires the Board members and Executive Management to exercise good judgment to ensure the interests, safety and welfare of clients, employees and other stakeholders. The Code also requires maintaining a collaborative, effective, positive, harmonious and productive work environment, which enhances investors' confidence in the integrity and financial soundness of the Company.

A brief on the Company's policies and mechanisms to limit the conflicts of interest:

The Company has established Conflict of Interest Policy, which sets out guidelines for the identification, reporting and disclosure of conflicts of interest.

The Company's Board is keen on reviewing the related parties' policy in line with the nature of the Company's business and the supervisory developments in the markets, as one of the most important objectives of this policy is to achieve justice and transparency, and to prevent conflict of interest and exploitation of internal information. The Company is also responsible for verifying the independence of the Board members and the non-conflict of interests. The Company also encourages reporting any interest of an employee, a member of the Board, or their relatives in any contracts or dealings with the Company, and not taking any decision or voting on any decision related to this interest.

Rule VII: Ensure Timely and High-Quality Disclosures and Transparency

A brief on the implementation of the procedures for accurate and transparent presentations and disclosures that state the areas, topics, and nature of a disclosure:

The Company is committed to maintain high standards of corporate disclosure and transparency, and to prevent conflicts of interest, and exploiting internal information in all matters. The Compliance Officer, in coordination with the Executive Management, and all Company departments (core and support) make the necessary internal and external disclosures promptly.

In line with its Disclosure policy, the Company makes accurate and transparent disclosure of financial and non-financial information related to financial position, performance and other material information.

Reports are also submitted to the regulatory authorities on time and in line with the regulatory requirements. The Company has created a special register for the disclosures of the members of the Board, the Executive Management and the managers.

A brief about the implementation of the disclosure register requirements of the Board of directors, the Executive Management and the managers..

The Company has a disclosure register for the Board of directors, Executive Management and the managers. This register gets updated for any new disclosure, and it also includes disclosures and notifications of insiders, in addition to the declarations of independent Board members. The independent Board member states that he is not related to any member of the Board (first or second degree) or a leader from the main parties that the company deals with and that he does not possess influential shares exceeding 5% of the capital of the Company.

Investor Relations Unit:

The Company has established an investor relations unit that acts as the primary contact with shareholders, investors and financial analysts, through recognized disclosure means, including the Company's website: www.nrec.com.kw

A brief on information technology infrastructure and disclosure processes:

The Company is keen to keep investors and stakeholders informed of all the Company's developments and news through the Company's website as well as Boursa Kuwait's website. The Company's website includes a special section for the Company's corporate governance in addition to an investor relations' section that includes all the Company's disclosures in Boursa Kuwait for the past years, as well as the financial statements and other financial reports for the last ten years. The website also contains the names and positions of the Board members and the Executive Management.

Rule VIII: Respect the Rights of Shareholders

A brief on implementing requirements for determining and protecting shareholder right, to ensure justice and equality for all shareholders:

The company has defined the general rights of shareholders and is protecting them and ensuring justice and equality among all shareholders. This is evident through the Company's Articles of Association, its internal policy, and the necessary procedures and controls to ensure that all shareholders exercise their rights without discrimination in accordance with what is mentioned in the corporate governance rules.

Creating of a Shareholder Register to be kept with the Kuwait Clearing Company as a part of the requirement for continuous follow up of shareholder's data:

The Company has been keen on accuracy and continuous follow-up of the shareholders' data by providing a special register that is kept with the Kuwait Clearing Company and which contains the names of the shareholders, their nationalities, and the amount of shares owned by them. The company allows shareholders to view its records through the Investors Relations Unit. Data included in the records is dealt with, in a maximum levels of protection and confidentiality, in a manner that does not conflict with the Capital Markets Authority Law and Executive Regulations.

Encouraging shareholders to participate and vote in the company's General Assembly meetings:

The Company encourages shareholders to actively participate and vote in the General Assembly meetings, as it is an inherent right for all shareholders, and to discuss topics on the agenda and related inquiries regarding various aspects of activities. Therefore, the Company sends an invitation to shareholders to attend the General Assembly meeting, including the agenda, time and venue of the meeting, in accordance with the mechanisms stipulated in the Companies Law. The Company also provides information and data related to the agenda items sufficiently before the date of the General Assembly so that the shareholders can view them and express any questions regarding them, and direct these questions to the Board members and the external auditor. The Board members and the external auditor must answer questions to the extent that the interests of the Company are not harmed.

The Company's shareholders have the right to vote on all the decisions taken by the Company in the Annual General Assembly meetings.

Rule IX: Recognize the Roles of Stakeholder

Policies and procedures that ensure the protection and recognition of the rights of stakeholders:

The Company is committed to protect the rights of all stakeholders. The Company treats all stakeholders fairly. The Company has established whistle blowing policy to ensure that employees and all other stakeholders can freely express any concerns regarding unethical behavior or improper practices relating to the financial statements, internal control system or any other matters. The policy also ensures independent and fair investigation of complaints received and protects reporting person against retaliation.

Encouraging stakeholders to participate in the following up on the company's different activities:

The Company is keen to provide an opportunity for stakeholders to participate in the follow-up of the Company's various activities, by asking their questions and inquiries and responding to them by the Board during the General Assembly Meeting.

The Company has established an Investor Relations Unit that takes care of the shareholders. It has also developed policies and procedures that guarantee the rights of stakeholders, including employees, investors, and others.

Rule X: Encourage and Enhance Performance

Implementing the requirements for the Board members and the Executive Management to access training programs and courses:

The members of the Board and the Executive Management are keen to pay attention to the aspects of training and professional qualification on an ongoing basis, especially in subjects related to the Company's activity, whereas the company has placed a training program for the Board of Directors since training is one of the most important pillars of the rules of governance. Training also helps the Board members and the Executive Management to perform their role and responsibilities to the fullest.

Assessing the overall performance of the Board of Directors, and the performance of each member of the Board and Executive Management individually:

Out of the interest of the Company to implement the rules of governance, the Board members conducted a self-assessment of their performance and its committees during the year 2024. The extent of participation of the Board members during the meetings and their awareness of their role, duties and responsibilities was taken into consideration. As for the performance of the Executive Management, the Company applies objective key performance indicators (KPIs) in the annual evaluation of the Executive Management by determining the efficiency ratio of performance.

Efforts of the Board to create corporate values:

Many investors are aware of the relationship between the Company's performance in environmental, social and governance indicators (ESG), and the creation of institutional values and the reduction of the Company's risks. Companies that have strong performance in these indicators are more efficient. The Company is continuously committed to achieving sustainable development for society in general and for the Company's employees in particular, which results in higher productivity for the Company's employees and motivates them to continuously contribute to improving the Company's performance.

Rule XI: Focus on the Importance of Corporate Social Responsibility

A brief on placing a policy that ensures a balance between Company's goals and social goals:

The Company aims to achieve balance between the Company's goals and those of the society. The Company has developed a Corporate Social Responsibility (CSR) policy which emphasizes the commitment to act ethically and contribute in achievement of sustainable development of the society in general and employees in particular.

Out of its firm belief in the importance of social responsibility, the Company has had an active role in the communities in which it operates for nearly 50 years, and is still committed to this role because it aims to invest in developments that have a positive social, economic and environmental impact, and takes various initiatives to support social, economic and environmental sustainability.

The Company is also always keen to apply the best principles of social welfare to the workforce, and has implemented many new policies and procedures for health and safety. The group is committed to promoting industry-leading health and safety standards, as strict safety guidelines and preventive measures are constantly published and implemented for contractors, consultants, company employees and workers in all the Company's projects.

The Company's efforts in the field of social work:

For details about the Company's efforts in the field of social work, please see the next section of this report: The Approach to Corporate Responsibility section.

AUDIT COMMITTEE REPORT 2024

Report of the Audit Committee

The Audit Committee ("Committee") oversees the National Real Estate Company K.P.S.C ("Company") financial reporting process on behalf of the Board of Directors ("Board"). The Committee also assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and internal control processes, and oversees the preparation of accurate financial reports and statements in compliance with the applicable legal requirements and accounting standards.

The Audit Committee is composed of (3) directors, two non-executive directors and one independent director. The Committee is chaired by an Non-executive director. The Committee's affairs and processes are set out in the charter approved by the Board.

Committee Meetings Attendance for the Financial Year Ended December 31, 2024

During the financial year ended December 31, 2024, the Committee convened 6 meetings. The details of the meetings and attendance are given below:

S. No	Name	Designation	Meeting No. & Date						Total
			1	2	3	4	5	6	
			30 Mar 2024	15 May 2024	10 June 2024	14 Aug 2024	17 Sep 2024	14 Nov 2024	
1	Mr. Ehab Fekry Aziz	Chairman	✓	✓	✓	✓	✓	✓	6
2	Mr. Christopher Michael Gordon	Member	✓	✓	✓	✓	-	-	4
3	Mr. Bader Abdulmohsen El Jeean	Member	✓	✓	✓	✓	✓	✓	6

The meetings aimed to facilitate and encourage communication between the Committee, the Management, the internal auditor and the external auditors.

The Committee discussed with the internal auditor and external auditors, the overall scope and plan for their respective audits. The Committee has ensured the independence and objectivity of the external auditors.

The Committee also reviewed and discussed together with Management and the external auditors, the Company's audited consolidated financial statements for the year ended December 31, 2024 and the audit report along with the key audit matters raised by the external auditors. Based on the review, the Committee has recommended to the Board, and the Board has approved the audited consolidated financial statements of the Company for the year ended December 31, 2024 and recommended the re-appointment of the Company's auditors.

During the year, the Committee convened (4) meetings with the internal auditor to discuss the internal audit reports. The Committee has also reviewed the internal control review (ICR) report issued by the independent external auditor for the financial year ended December 31, 2024 and had monitored the work of the internal audit department. The Committee believes that the internal audit system and control framework is adequate and effective.

The Committee had further reviewed the accounting policies of the Company.

The Committee worked during the financial year to address any comments or concerns reported by the appointed auditors, departments and regulators where applicable.

The Committee reports that there were no conflicts between its recommendations e and the Board decisions.

INTERNAL CONTROL REPORT

National Real Estate Company K.P. S.C
Internal Control Report – year ended 31 December 2024

Independent Audit's Report

On the review & evaluation of the internal control systems

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

Dear Sirs,

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

In accordance with our engagement letter dated 18 December 2024, with National Real Estate Company K.P.S.C we have examined the internal control systems of the Company, which were in existence for the year ended 31 December 2024. The departments examined were as follows:

- Corporate Governance
- Operations Department
- Investments
- Finance and Accounts
- Information and Communication Technology
- Investor Relations
- Human Resources and Administration
- Risk Management
- Internal Audit Function
- Legal Department

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 limitations in any internal control system, errors or irregularities may nevertheless occur and not be detected or traced. Also, the 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 in 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 this report.

Yours sincerely,

سليمان عبد الرحمن البسام

Sulaiman Al Bassam
Licensed Auditor No 253 A
Allinial Global – Sulaiman Al Bassam and Partners

Sulaiman Al Bassam and Partners
sb
Member of Allinial GLOBAL

Kuwait 20th February 2025

CONSOLIDATED FINANCIAL STATEMENTS

RSM Albazie & Co.

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INDEPENDENT AUDITOR'S REPORT

The Shareholders of
National Real Estate Company K.P.S.C and Its Subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

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

In our opinion, except for the possible effect of the matter described in Basis for Qualified Opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards (IFRSs).

Basis for Qualified Opinion

1 - As disclosed in Note (9) to the consolidated financial statements, the associate "Agility Public Warehousing Company - K.S.C.P" has investment properties amounting to KD 281,421, thousand as on December 31, 2024 (December 31, 2023: KD 281,360 thousand), which are leased from the Public Authority for Industry in Kuwait of which the lease contracts of properties amounting to 259,483 thousand (December 31, 2023: KD 191,172 thousand) have expired as of the date of the consolidated statement of financial position, including lease contracts amounting to KD 223,255 thousand (December 31, 2023: KD 191,172 thousand) and are currently under legal dispute. Furthermore, the Public Authority for Industry issued a notice to the associate on January 18, 2023, regarding its unwillingness to renew or extend these leases, and for the associate to vacate these premises within a week of issuance of the notice. As part of the legal proceedings, the associate has requested the Kuwaiti courts to prevent the Public Authority for Industry from boycotting the associate's use of such real estate. The associate was also unable to obtain a reliable estimate of the fair value of the investment properties leased from the Public Authority for Industry, due to the uncertainty associated with these properties, as a result of the ongoing litigation with the Public Authority for Industry. Therefore, we were unable to obtain sufficient and appropriate audit evidence about the existence and valuation of these investment properties due to the expiration of some of the basic lease contracts as detailed in Note 4 (c/1), and the inability of the management to determine the fair value of all the real estate leased from the Public Authority for Industry as at December 31, 2024. Furthermore, there is significant uncertainty around the renewal of all lease contracts concluded with the Public Authority for Industry and the rights or obligations that may arise, in addition to operating revenues, profitability and related cash flows that may be affected as a result of the ongoing legal procedures. Consequently, we were unable to determine whether any adjustments were necessary to the carrying value of these properties. Our opinion was also qualified on this matter for the prior year ended December 31, 2023.

2 - As stated in Note No. (9 - c/4) to the 2024 consolidated financial statements, the associate recognized revenue under the item "Recognition of legal claims (net)" in the consolidated statement of profit or loss for the year ended December 31, 2024, amounting to KD 54,396 thousand. This revenue relates to a judicial ruling in favor of the associate issued by the Court of Cassation during the year ended December 31, 2022, against the General Administration of Customs of the State of Kuwait. Recognizing the amount of the ruling in the associate's consolidated statement of profit or loss for the current year, instead of recognizing it retrospectively in the year ended December 31, 2022, resulted in an increase in the

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associate's profit for the year by KD 54,396 thousand. Accordingly, the investment in the associate and total equity for the comparative period as of December 31, 2023, were understated by KD 7,728 thousand related to the investment share in the associate. In addition, the associate has accrued statutory interest at a rate of 7% on the compensation amount. The financial impact of this interest has not been recognized in the associate's consolidated financial statements.

3 - As stated in Note (9 - d) to the consolidated financial statements, an associate has filed an arbitration related to one of its investments. Due to the nature and significant uncertainty around the investment and outcome of the arbitration, the auditors of the associate were unable to obtain sufficient appropriate audit evidence about the investment and the recoverability of the loan granted by the associate to the related investee as at December 31, 2024. Consequently, we were unable to determine whether any adjustments to the carrying value of the investment in associate was necessary. Our opinion was also qualified on this matter for the prior year ended December 31, 2023.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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 of our qualified opinion.

Emphasis of Matter

We draw attention to Note 9 (a) to the consolidated financial statements, which describes the legal cases of the associate. The ultimate outcome of these legal cases cannot presently be determined and therefore no provision has been made in the consolidated financial statements of the associate. Our opinion is not modified in respect of this matter.

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.

Valuation of properties under development

Properties under development of the Group represents 5.46% of total assets and are carried at the lower of cost or net realizable value, which requires management's judgement in determining an appropriate costing basis and provision for write down of properties under development since they are based on forecast of estimated selling price less costs to sell and assessing whether the provision is adequate. The determination of net realizable value requires management's judgement and estimates in which it assumes the prevailing market value of similar properties in that location, recent sale transactions in the area, nature of property, location, size and the economic benefits. The management annually performs the assessment of net realizable value by using external appraisers. Due to significance of judgement and related estimation uncertainty used in the valuation, we identified this as a key audit matter. The accounting policies relating to property under development are given in Note 2 to the consolidated financial statements.

As part of our audit procedures, we have reviewed sample of properties under development to assess the measurement basis. We have obtained the valuation reports, reviewed the appropriateness of the valuation technique and reasonableness of data used in determination of selling price and reviewed the assumptions and estimates made by the management. We have also reviewed the underlying documents of estimated cost to completion and the related costs necessary to make the sale which are reduced from selling price to determine the net realizable value.

Furthermore, we reviewed the adequacy of the disclosures relating to the properties under development which is provided in Note 11 to the consolidated financial statements.

Investment in an associates and joint ventures

The carrying value of the investment in an associates and joint ventures are significant to the Group's consolidated financial statements. The share of results, impairment and reversal of impairment recognized by the Group contributes significantly to the Group's results. The Group uses judgement and estimates to assess the existence or absence of

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any indicators of impairment in the carrying value of the investment in the associates and joint ventures. Accordingly, we have considered them as a key audit matter. The accounting policies of the investment in the associates and joint ventures are given in Note 2 to the consolidated financial statements.

As part of our audit procedures, we inquired whether the management has identified existence or absence of any indicators of impairment in its associates and joint ventures, including significant changes in economy, market, legal environment, industry or the political environment affecting the associates and joint ventures' business and also considering any changes in the financial condition. We obtained management's impairment calculations and reviewed the appropriateness of the valuation technique and the reasonableness of key assumptions and data used in the valuation.

Furthermore, we reviewed the adequacy of the disclosures relating to associates and joint ventures, which is provided in Note 8, 9 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information consists of the information included in the Group's annual report for the year 2024, other than the consolidated financial statements and the auditor's report thereon. We did not obtain the annual report of the Group, which also includes the report of the Board of Directors, prior to the date of the auditor's report, and we expect to obtain those reports after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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 (IFRSs), 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group 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.

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements included in the report of the Parent Company's board of directors, are in accordance therewith. We further report that we have obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of association, as amended, have occurred during the year ended December 31, 2024 that might have had a material effect on the business or financial position of the Parent Company.

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

Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie & Co.

State of Kuwait
March 27, 2025

National Real Estate Company K.P.S.C. & its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

	Notes	2024	2023
ASSETS:			
Cash and cash equivalents	3	**25,132,584**	9,804,269
Accounts receivable and other debit balances	4	**9,384,625**	12,918,075
Financial assets at fair value through profit or loss ("FVPL")	5	**21,250,920**	18,696,132
Inventory properties	6	**3,992,345**	3,982,499
Financial assets at fair value through other comprehensive income ("FVOCI")	7	**5,964,815**	4,844,167
Investment in joint ventures	8	**30,356,565**	31,255,578
Investment in an associates	9	**436,069,192**	406,365,226
Properties under development	11	**31,331,711**	35,271,784
Property and equipment		**775,874**	752,076
Right of use assets		**2,631,853**	2,192,338
Investment properties	12	**7,117,361**	7,089,933
Total assets		**574,007,845**	533,172,077
LIABILITIES AND EQUITY			
Liabilities:			
Bank borrowings	13	**142,348,986**	132,432,140
Lease liabilities		**849,910**	351,967
Accounts payable and other credit balances	14	**52,474,093**	49,035,566
Provision for end of service benefits	15	**955,844**	874,372
Total liabilities		**196,628,833**	182,694,045
Equity:			
Share capital	16	**208,034,605**	198,128,195
Share premium		**5,266,764**	5,266,764
Treasury shares	17	**(10,316,727)**	(14,033,902)
Statutory reserve	18	**72,169,682**	71,238,759
Reserves		**(102,264,429)**	(117,281,520)
Retained earnings		**200,968,820**	202,957,383
Equity attributable to shareholders of the Parent Company		**373,858,715**	346,275,679
Non-controlling interests	10	**3,520,297**	4,202,353
Total equity		**377,379,012**	350,478,032
Total liabilities and equity		**574,007,845**	533,172,077

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

Faisal Jamil Sultan Al-Essa
Vice Chairman and Chief Executive Officer

National Real Estate Company K.P.S.C. & its Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

	Notes	2024	2023
Sale of inventory properties		**4,693,564**	9,960,052
Rental income		**1,081,750**	2,423,669
		5,775,314	12,383,721
Cost of inventory properties sold		**(1,831,686)**	(5,215,473)
Gross profit		**3,943,628**	7,168,248
General and administrative expenses	21	**(5,965,111)**	(10,709,576)
Depreciation and amortization		**(320,005)**	(341,132)
Net Allowance for expected credit losses no longer required (charged)	4	**262,920**	(2,717,849)
Net investment loss	26	**(207,643)**	(587,265)
Share of results from joint ventures	8	**2,240,255**	(39,197,840)
Share of results from an associate	9	**19,129,300**	20,391,643
Change in fair value of investment properties	12	**(89,985)**	(38,349)
Interest income		**401,376**	157,117
Finance charges	22	**(9,329,845)**	(9,291,354)
Net other income	23	**377,309**	1,189,741
Profit (loss) for the year before taxation		**10,442,199**	(33,976,616)
Taxation on foreign subsidiaries		**(611,733)**	(646,564)
Profit /(Loss) for the year		**9,830,466**	(34,623,180)
Attributable to:			
Shareholders of the Parent Company		**9,309,228**	(35,183,672)
Non-controlling interests	10	**521,238**	560,492
Profit (loss) for the year		**9,830,466**	(34,623,180)
Earnings (loss) per share attributable to shareholders of the Parent Company (fills)	25	**4.91**	(18.77)

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

National Real Estate Company K.P.S.C. & its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

	Notes	2024	2023
Profit (loss) for the year		**9,830,466**	(34,623,180)
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss:			
Group's share of other comprehensive income from a joint venture	8	**29,686**	913,343
Group's share of other comprehensive income (loss) of an associates	9	**6,890,617**	(13,009,162)
Exchange difference on translation of foreign operations		**(5,838,210)**	2,825,250
Items that will not be reclassified subsequently to profit or loss:			
Group's share of other comprehensive income (loss) of an associates	9	**40,425,614**	28,258,114
Group's share of other reserves of an associate	9	**(27,164,058)**	5,228,969
Change in fair value of financial assets at fair value through other comprehensive income	20	**518,350**	(992,945)
Other comprehensive income for the year		**14,861,999**	23,223,569
Total comprehensive income (loss) for the year		**24,692,465**	(11,399,611)
Attributable to:			
Shareholders of the Parent Company		**24,949,503**	(10,601,610)
Non-controlling interests		**(257,038)**	(798,001)
Total comprehensive income (loss) for the year		**24,692,465**	(11,399,611)

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

National Real Estate Company K.P.S.C. & its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company										
					Reserves						
	Share capital	Share premium	Treasury shares	Statutory reserve	Effect of changes in other comprehensive income (loss) of an associate	Group's share of other reserves of an associate	Other reserves (Note 22)	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance as at January 1, 2023	198,128,195	5,266,764	(17,336,089)	71,238,759	(131,173,164)	5,616,436	(15,152,637)	238,141,055	354,729,319	5,000,354	359,729,673
Total comprehensive income (loss) for the year	-	-	-	-	15,248,952	5,228,969	4,104,141	(35,183,672)	(10,601,610)	(798,001)	(11,399,611)
Purchase of treasury shares	-	-	(142,623)	-	-	-	-	-	(142,623)	-	(142,623)
Sale of treasury shares	-	-	3,444,810	-	-	-	(1,154,217)	-	2,290,593	-	2,290,593
Balance as at December 31, 2023	198,128,195	5,266,764	(14,033,902)	71,238,759	(115,924,212)	10,845,405	(12,202,713)	202,957,383	346,275,679	4,202,353	350,478,032
Total comprehensive income (loss) for the year	-	-	-	-	47,316,231	(27,164,058)	(4,511,898)	9,309,228	24,949,503	(257,038)	24,692,465
Transfer to statutory reserve	-	-	-	930,923	-	-	-	(930,923)	-	-	-
Effect of partial disposal of an associate (Note 9)	-	-	-	-	550,240	(65,828)	-	(460,458)	23,954	-	23,954
Sale of treasury shares	-	-	3,717,175	-	-	-	(1,107,596)	-	2,609,579	-	2,609,579
Cash dividends to Non- controlling interests	-	-	-	-	-	-	-	-	-	(425,018)	(425,018)
Issuance of bonus shares (Note 29)	9,906,410	-	-	-	-	-	-	(9,906,410)	-	-	-
Balance as at December 31, 2024	**208,034,605**	**5,266,764**	**(10,316,727)**	**72,169,682**	**(68,057,741)**	**(16,384,481)**	**(17,822,207)**	**200,968,820**	**373,858,715**	**3,520,297**	**377,379,012**

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

National Real Estate Company K.P.S.C. & its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Kuwaiti Dinars)

	Notes	2024	2023
Cash flows from operating activities:			
Profit (Loss) for the year before taxation		**10,442,199**	(33,976,616)
Adjustments:			
Interest income		**(401,376)**	(157,117)
Depreciation and amortization		**320,005**	341,132
Net Allowance for expected credit losses (No longer required)	4	**(262,920)**	2,717,849
Net loss on financial assets	26	**207,643**	587,265
Share of results from joint ventures	8	**(2,240,255)**	39,197,840
Share of results from an associate	9	**(19,129,300)**	(20,391,643)
Change in fair value of investment properties	12	**89,985**	38,349
Provision for employees' end of service benefits	15	**110,341**	127,987
Finance charges	22	**9,329,845**	9,291,354
		(1,533,833)	(2,223,600)
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**3,796,370**	1,377,967
Inventory properties		**1,592,981**	4,653,584
Properties under development	11	**(1,808,105)**	(1,353,151)
Accounts payable and other credit balances		**(1,575,570)**	(1,576,857)
Cash flows generated from operations		**471,843**	877,943
Taxes paid		**(431,082)**	(171,256)
Employees' end of service benefits paid	15	**(28,869)**	(385,885)
Net cash flows generated from operating activities		**11,892**	320,802
Cash flows from investing activities:			
Acquisition of financial assets at fair value through other comprehensive income ("FVOCI)		**(818,108)**	(4,627,851)
Proceeds from sale of financial assets at fair value through other comprehensive income ("FVOCI")		**230,347**	-
Proceeds from partial disposal of investment in an associate		**760,030**	-
Acquisition of investment in the associates		**(7,654,746)**	-
Paid for addition of property and equipment		**(140,512)**	(80,796)
Payment for additions to investment properties	12	**(78,529)**	(31,238)
Dividends received from an associate	9	**16,773,353**	-
Dividends received from a joint venture	8	**1,161,000**	1,155,269
Interest income received		**401,376**	157,117
Net cash flows generated from (used in) investing activities		**10,634,211**	(3,427,499)
Cash flows from financing activities:			
Net movement in bank loans and borrowings		**9,916,846**	4,859,297
Payment of lease liabilities		**(220,108)**	(235,068)
Purchase of treasury shares		**-**	(142,623)
Proceeds from sale of treasury shares		**2,609,579**	2,290,593
Net movement of restricted cash	12	**483,790**	1,925,285
Finance charges paid		**(7,164,240)**	(9,460,558)
Dividends paid to Non- controlling interests		**(425,018)**	-
Net cash flows generated from (used in) financing activities		**5,200,849**	(763,074)
Net increase (decrease) in cash and cash equivalents		**15,846,952**	(3,869,771)
Foreign currency translation adjustments		**(34,847)**	3,950,060
Cash and cash equivalents at beginning of the year		**9,221,939**	9,141,650
Cash and cash equivalents at end of the year	3	**25,034,044**	9,221,939

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

National Real Estate Company K.P.S.C. & its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. Incorporation and principal activities

National Real Estate Company (the Parent Company) is a Kuwaiti Public Shareholding Company incorporated pursuant to Memorandum of Incorporation authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department under reference No. 19628 dated July 16, 1973 and its subsequent amendments, the latest of which was notarized in the commercial registry under reference no. 19628 dated December 8, 2024 (Note 29). The Parent Company was listed in Boursa Kuwait on September 29,1984.

The principal activities of the Parent Company include:

- Purchase and sale of land and real estate.
- Management of third-party properties.
- General construction of residential buildings.
- Management of public facilities.
- Operation of exhibitions and entertainment markets.
- Sale and purchase of stocks and bonds on behalf of the company.
- Real estate consulting.
- Repair and maintenance of air conditioning, refrigeration, and air purification equipment.
- Organization and management of trade fairs.
- Auctions in non-stores.
- Ownership of real estate and movable property for the benefit of the company.
- Design, construction, operation, maintenance, and transfer of projects under the PPP system.
- Restaurant management.
- Hotel management and operation.
- Investing financial surpluses in financial portfolios managed by specialized companies and entities.

The address of the Parent Company's registered office is P.O. Box 22644, Safat 13087, State of Kuwait.

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on March 27, 2025 and are subject to the approval of the General Assembly of the Parent Company's shareholders. The Annual General Assembly of the Parent Company's Shareholders has the power to amend these consolidated financial statements after issuance.

2. Material accounting policies information

The accompanying consolidated financial statements of the Group have been prepared in accordance with the the IFRS accounting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Material accounting policies are summarized as follows:

a. Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost basis, except for the following items that are stated at their fair value.

- Financial assets at fair value through profit or loss ("FVPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
- Investment properties

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's

National Real Estate Company K.P.S.C. & its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(cc). The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended December 31, 2023.

New and revised Standards that are effective for the current year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and revised International Financial Reporting Standards as of January 1, 2024:

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

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

The amendments must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. The amendments do not have any material impact on the consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments must be applied retrospectively. The amendments do not have any material impact on the consolidated financial statements.

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

These amendments to paragraphs 69 to 76 of 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

The amendments must be applied retrospectively. The amendments do not have any material impact on the consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

These amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments do not have any material impact on the consolidated financial statements.

New and revised Standards issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised Standards that have been issued but are not yet effective:

IFRS 18 Presentation and Disclosures in Financial Statements

The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss,
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements,
- improve aggregation and disaggregation.

IFRS 18 requires retrospective application with specific transition provisions. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027 with earlier application permitted. These amendments are not expected to have a material impact on the consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

An entity is required to apply these amendments for annual reporting periods beginning on or after 1 January 2026. The amendments include:

- A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

These amendments are not expected to have a material impact on the consolidated financial statements.

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. These amendments are not expected to have a material impact on the consolidated financial statements.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

National Real Estate Company K.P.S.C. & its Subsidiaries

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Name of subsidiary	Country of Incorporation	Percentage of holding (%) 2024	2023
• **Kuwait Wadi El-Nile Urban Development Company (Egyptian Shareholding Company).**	Egypt	**80**	80
• **Kuwait National Real Estate Company (Egyptian Shareholding Company)**	Egypt	**98**	98
• **National Real Estate Company Jordan (P.S.C.)**	Jordan	**70**	70
• **National Holding Group Company (Lebanese Holding Company)*** **	Lebanon	**100**	100
• **Kuwait Touristic Enterprise Development Company (Private Shareholding Company)*** **	Tunisia	**100**	100
• **Al Takafouh Al-Thahabi General Trading and Contracting Company W.L.L. *** **	State of Kuwait	**100**	100
• **HRD International for Human Resource Development W.L.L.**	State of Kuwait	**80**	80
• **Label for General Trading and Foodstuff Company ***, ***** **	State of Kuwait	**100**	100
• **NREC Holding Limited**	United Arab Emirates	**100**	100
• National Project Holding K.S.C. (Holding) **	State of Kuwait	**-**	100
• Kuwait National Real Estate Company (PVT) Ltd **	Pakistan	**-**	100
• Middle East Projects General Trading Company W.L.L. **	State of Kuwait	**-**	100
• **NREC Holding Company B.V ***	Netherlands	**-**	100
• **Kuwaiti National Investment Holding LTD *******	United Arab Emirates	**100**	-
• **Kuwaiti National Real Estate Holding LTD **** , *******	United Arab Emirates	**100**	-

* During the fiscal year ending December 31, 2024, the company was permanently liquidated.

** During the fiscal year ending December 31, 2024, on January 1, 2024, the parent company transferred its ownership in these companies to the National Real Estate Holding Company Limited (ADGM) in the United Arab Emirates.

*** The investment in these companies includes an indirect ownership percentage registered in the name of related parties, some of whom have waiver letters indicating the group's ownership of this companies

**** These companies did not engage in any activities until the date of the consolidated financial position statement.

***** During the fiscal year ending December 31, 2024, ownership of these companies was transferred from the NREC Holding Limited to the parent company.

The Princpal activities of the subsidiaries as set out above are Real Estate Development and related services along with some General trading and Contracting subsidiaries.

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Parent Company reassess 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 listed above.

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

National Real Estate Company K.P.S.C. & its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Consolidated statement of profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in consolidated profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c. Current vs non-current classification

The Group presents assets and liabilities in the liquidity risk (Note 33-d) based on current / non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading

National Real Estate Company K.P.S.C. & its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

d. Financial instruments

The Group classifies its financial instruments as "financial assets" and "financial liabilities. Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivable and other debit balances, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable and other credit balances, bank borrowings and lease liabilities.

(A) Financial assets

Classification of financial assets

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics..

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Initial recognition

Purchases and sales of those financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVPL.

Derecognition

A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Measurement categories of financial assets

The Group classifies its financial assets upon initial recognition into the following categories::

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at fair value through profit or loss (FVPL)

Debt instruments at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets 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 (SPPI) on the principal amount outstanding.

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of income. Gain and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired..

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Cash and cash equivalents and accounts receivable and other debit balances are classified as debt instruments at amortized cost.

i. Cash and cash equivalents

Cash and cash equivalents includes cash and bank balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

ii. Trade receivables and related parties receivables

Trade receivables and related parties receivables are amounts due from customers and related parties for merchandise sold and rental units or services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

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Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they are neither held for trading nor a contingent consideration arising from a business combination. Such classification is determined on an instrument-by- instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

The Group classifies investments in quoted equity investment under financial assets at FVOCI in the consolidated statement of financial position.

Financial assets at FVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI (see above) are measured at FVPL. Specifically:

- Investments in equity instruments are classified as at FVPL, unless the Group designates an equity investment as at FVOCI on initial recognition (see above).

- Debt instruments that do not meet the amortized cost criteria or the FVOCI criteria (see above) are classified as at FVPL. In addition, debt instruments that meet either the amortized cost criteria or the FVOCI criteria may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (‘accounting mismatch’) that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Changes in fair value, gain on disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

The Group classifies convertible loan to a related party under financial assets at FVPL in the consolidated statement of financial position.

(B) Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) 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. The shortfall is then discounted at an approximation to the asset’s 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 Trade and other receivables, the Group has applied the standard’s simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship, where applicable.

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For related party balances and inter-company loans, the Group has applied a forward looking approach wherein recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, the Group applies a three stage assessment to measuring ECL as follows:

- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk and
- Stage 2 (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low
- 'Stage 3' (credit impaired) - financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

In assessing whether the credit quality on a financial instrument has deteriorated significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

'12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stage 2 and 3. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss. For debt instruments at FVOCI, the loss allowance is charged to consolidated statement of profit or loss and is recognized in OCI.

The Group considers a financial asset in default when contractual payments are 30 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(C) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVPL or at amortized cost using effective interest rate method.

Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when the financial liability is contingent consideration of an acquirer in a business combination,

(i) held for trading or

(ii) it is designated as at FVPL.

Financial liabilities at FVPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

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However, for financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities that are not at FVPL as above are measured subsequently at amortized cost using the effective interest method.

i. Accounts payable

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

ii. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

(D) Offsetting of financial assets and liabilities

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

e. Inventory properties

Properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory properties and are measured at lower of cost or net realizable value.

Cost includes freehold and leasehold rights for land, amount paid to contractors for construction, borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated cost of sale. Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

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The cost of inventory properties recognized in consolidated statement of profit or loss on disposal is determined with reference to the specific cost incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Write down of inventory properties is charged to other operating expenses.

f. Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment properties are stated at their fair value at the end of reporting period. Gains or losses arising from changes in the fair value of investment properties are included in consolidated statement of profit or loss for the period in which they arise.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are derecognized when either they have been disposed of (i.e. at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. 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.

g. Properties under development

Properties under development are developed for future sale in the ordinary course of business by transfer to inventory properties, rather than to be held for rental or capital appreciation and are stated at the lower of cost or net realizable value. Sold properties in the course of development are stated at cost plus attributable profit/loss less advance payments received from customers in advance. The cost of properties under development includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property. The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed.

h. Investment in associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

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Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in consolidated statement of profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired and determine if necessary, to recognize any impairment loss with respect to the investment. If there is such evidence, the entire carrying amount of the investment (including goodwill) is tested for impairment and the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in consolidated statement of profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount based on the value in use of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in consolidated statement of profit or loss.

i. Joint arrangements

The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's right to the assets and obligations for the liabilities of the arrangements.

a) Joint Ventures

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investment in Joint Ventures is accounted based on equity method similar to associates.

j. Property and equipment

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to consolidated statement of profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off.

Property and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in consolidated statement of profit or loss for the period. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified in the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of other property and equipment as follows:

	Years
Leasehold improvement	20
Buildings	25
Furniture and fixtures	5
Equipment and computers	3 - 5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of Property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

k. Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

l. Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographic area of operations.
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Such component of the group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.

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Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as discontinued operations.

In consolidated statement of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non controlling interest in the subsidiary after the sale. The resulting profit or loss is reported separately in consolidated statement of profit or loss.

m. Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each financial year 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 required to settle the obligation.

n. End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labour Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

o. Dividend distribution to shareholders

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

p. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

q. Share premium

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

r. Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable till the holding period of treasury shares. Any realized 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, reserves, and then share premium. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid 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.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

s. Other reserve

Other reserve is used to record treasury shares reserve, cumulative change in fair value, foreign currency translation reserve and share of other comprehensive income of joint ventures.

t. Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group applies a five step model as follows to account for revenue arising from contracts:

- Step 1: Identify the contract with the customer – A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify the performance obligations in the contract – A performance obligation is a promise in a contract with the customer to transfer goods or services to the customer.
- Step 3: Determine the transaction price – The transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring promised good or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contracts – For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the asset.
- The Customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The Customer has the significant risks and rewards of ownership of the asset.
- The Customer has accepted the asset.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated statement of financial position. (Similarly, if the

Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. Sales commission incurred by the Group is expensed as the amortization period of such costs is less than a year.

Revenue for the Group arises from the following activities:

a) Rendering of services

Revenue is recognized at a point in time when the service is rendered.

b) Rental income

Rental income is recognized, when earned, on a time apportionment basis.

c) Sales of properties under development

Revenue is recognized when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and is measured at the transaction price agreed under the contract.

d) Sale of units

Revenue is recognized from the sale of units when the units are delivered according to the signed contracts with customers and when all the following conditions have been satisfied:

- The entity has transferred to the buyer the significant risks and rewards of ownership of unit.
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the units sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

e) Sale of land

Revenue on sale of land is recognized on the basis of the full accrual method as and when all of the following conditions are met:

- A sale is consummated, and contracts are signed.
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the land.
- The Group's receivable is not subject to future subordination.
- The Group has transferred control to the buyer; and
- Work to be completed is either, easily measurable and accrued or is not significant in relation to the overall value of the contract.

u. Borrowing costs

Borrowing cost consist of interest and other costs that an entity incurs with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in consolidated statement of profit or loss in the period in which they are incurred..

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v. Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

(i) Right of use assets

The Group recognizes 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 re-measurement of lease liabilities, The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognizes 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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 profit 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 in-substance fixed lease payments or a change in the assessment 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 of property and equipment (i.The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (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 of low value (i.e., below KD 1,500). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

w. National Labor Support Tax (NLST)

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from associates and subsidiaries listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations. No NLST has been provided since there was no taxable profit on which NLST could be calculated for the year ended on December 31, 2024.

x. Zakat

Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations. No Zakat has been provided since there was no financial profit on which Zakat could be calculated for the year ended on December 31, 2024.

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y. Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity instruments which are classified as financial assets at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as FVOCI are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

z. Contingencies

Contingent liabilities are not recognized in the financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

aa. Financial guarantees

Financial guarantees are initially recognised in the consolidated financial statements at fair value, being the premium received, in other liabilities. The premium received is amortized in the consolidated statement of profit or loss on a straight line basis over the life of the guarantee. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amortised premium received and the best estimate of net cash flow required to settle any financial obligation arising as a result of the guarantee.

bb. Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

cc. Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with IFRS accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

i. Judgments

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

a) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy are met requires significant judgment.

b) Classification of Land

Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

1) Properties under development

When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development.

2) Work in progress

WWhen the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

3) Inventory properties

When the intention of the Group is to sell land in the ordinary course of business, the land are classified as properties held for trading.

4) Investment properties

When the intention of the Group is to sell land in the ordinary course of business, the land are classified as properties held for trading.

c) Provision for expected credit losses

The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivable involve significant judgment.

d) Classification of financial assets

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortized cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets.

e) Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

f) Control assessment

When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's

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relevant activities and the ability to use the Group's power to affect the investee's variable returns requires significant judgment.

g) Material non-controlling interests

The Group's management considers any non-controlling interests which accounts for 5% or more of the related subsidiary's equity as material. Disclosures pertaining to those non-controlling interests are set out in Note 10.

h) Significant influence assessment

When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policy decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgment, involves consideration of the Group's representation on the investee's board of directors, participation in policy making decisions and material transactions between the investor and investee.

i) Leases

Critical judgements required in the application of IFRS 16 include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

ii. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Useful lives of depreciable assets

The Group reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of assets. Uncertainties in these estimates mainly relate to obsolescence and changes in operations.

b) Provision for allowance for expected credit losses

The extent of provision for expected credit losses involves estimation process. Provision for expected credit losses is based on a forward looking ECL approach. Bad debts are written off when identified.The provisions and write-down of accounts receivable are subject to management approval.

c) Valuation of investment properties

The Group carries its investment properties at fair value, with change in fair values being recognized in consolidated statement of profit or loss. The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13. Investment property under construction is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined.

The comparative analysis method is used to determine the fair value of investment properties, which is based on estimates made by an independent evaluator by referring to recent actual deals that took place between other parties for real estate similar in terms of location and condition, while relying on the knowledge and experience of that independent evaluator.

d) Valuation of inventory property

Inventory property is stated at the lower of cost and net realizable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment. NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction, estimated costs to sell the property, and an estimate of the time value of money to the date of completion.

e) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

f) Taxes

The Group recognizes a liability for the anticipated taxes levied in the jurisdictions of its activity based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions may have an impact on the carrying values of the deferred taxes.

g) Leases

Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

3. Cash and cash equivalents

	2024	2023
Cash on hand and at banks	**24,038,749**	8,873,425
Short term bank deposits (a)	**1,093,835**	930,844
	25,132,584	9,804,269

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the following:

	2024	2023
Cash and bank balances	**25,132,584**	9,804,269
Less: restricted cash at banks (b)	**(98,540)**	(582,330)
Cash and cash equivalents as presented in the consolidated statement of cash flows	**25,034,044**	9,221,939

a. The effective interest rate on short term bank deposits ranges from 3.5 % - 4.5% (2023: 3.5% - 4.5%) per annum, these deposits have a contractual maturity of 90 days (2023: 90 days).

b. Restricted cash at banks includes an amount of KD 98,540 (2023: KD 509,264) that is restricted for the distribution of the remaining equity of a subsidiary that has been liquidated.

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4. Accounts receivable and other debit balances

	2024	2023
Gross trade receivables (a)	**5,377,586**	5,569,104
Gross contract receivables (a)	**6,755,114**	10,024,387
	12,132,700	15,593,491
Less: Allowance for expected credit losses (b)	**(7,827,693)**	(8,090,613)
Net receivables	**4,305,007**	7,502,878
Due from related parties (Note 26)	**914,169**	835,842
Advance payments to suppliers	**808,591**	1,005,066
Staff receivables	**305,495**	365,042
Prepaid expenses	**86,306**	122,544
Other receivables	**2,965,057**	3,086,703
	9,384,625	12,918,075

a) Trade and contract receivables:

Trade and contract receivables are non-interest bearing and are generally due within 60 days.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade and contract receivables as these items do not have a significant financing component. In measuring the expected credit losses, trade and contract receivables have been assessed on a collective basis respectively and grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the ageing profile of customers over the past 3 to 5 years as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current year.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 30 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Less than 30 days	31 – 60 days	61 – 90 days	91 – 365 days	Total
Total gross carrying amount at December 31, 2024	**1,289,398**	**997,251**	**657,216**	**9,188,835**	**12,132,700**
Expected credit losses					**(7,827,693)**
Expected credit losses rate					**64.52 %**
Total gross carrying amount at December 31, 2023	1,744,177	1,348,988	889,020	11,611,306	15,593,491
Expected credit losses					(8,090,613)
Expected credit losses rate					51.88%

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b) Allowance for expected credit losses

The movement in allowance for expected credit losses is as follows:

	2024	2023
Balance at the beginning of the year	**8,090,613**	7,760,613
Charge for the year	**51,296**	2,717,849
Provision no longer required	**(314,216)**	-
Utilized during the year	**-**	(2,387,849)
Balance at the end of the year	**7,827,693**	8,090,613

5. Financial assets at fair value through profit or loss (“FVPL”)

The amount represents a loan given by a subsidiary of the Group to Naples Topco Limited (Joint Venture), which is convertible at the option of the lender. The amounts have been advanced towards the construction and development of a Commercial Mall in UAE (“Project”).

Further information on the Group’s policy in relation to fair value measurements is disclosed in (Note 32).

6. Inventory properties

	2024	2023
Balance at the beginning of the year	**3,982,499**	4,108,986
Disposals	**(1,592,514)**	(4,653,584)
Transfer from properties under development (Note 11)	**1,821,158**	4,630,528
Foreign currency translation adjustments	**(218,798)**	(103,431)
Balance at the end of the year	**3,992,345**	3,982,499

The net realizable value of the inventory properties had been determined based on the valuation carried out by an external valuer. In estimating the net realizable value of the inventory properties, the sales comparison approach has been used, considering the nature and usage of the inventory properties.

7. Financial assets at fair value through other comprehensive income (“FVOCI”)

	2024	2023
Quoted equity securities	**2,881,296**	2,123,439
Convertible Bonds (a)	**3,083,519**	2,720,728
	5,964,815	4,844,167

a. The investment is in convertible bonds, bearing an interest rate of 8% per annum and maturing on April 12, 2033. Upon maturity, the Group will receive the nominal value of these bonds plus deferred interest that will be paid in cash on the maturity date of the bonds.

Further information on the Group’s policy in relation to fair value measurements is disclosed in (Note 32).

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8. Investment in joint ventures

Name of joint venture	Country of incorporation	Principal activities	Percentage of ownership 2024	Percentage of ownership 2023	Amount 2024	Amount 2023
Mediterranean Investment Holding P.L.C.	Malta	Investing and Developing Real Estate Projects	**50%**	50%	**30,356,565**	31,255,578
Naples TOPCO Limited (a)	United Arab of Emirates	Construction and Developing Real Estate Projects	**80%**	80%	**-**	-
Net investment					**30,356,565**	31,255,578

(a) The parent company’s ownership in Naples Topco L.LC. is 80% as of December 31, 2024 (2023: 80%). Based on the contractual arrangements between the company and other investors, the parent company has the right to operate the joint venture jointly through equal representation in Management, which qualifies the parent company to have joint control over this joint venture.

The movement during the year is as follows:

	2024	2023
Balance at the beginning of the year	**31,255,578**	71,199,428
Share of results from joint ventures	**2,240,255**	(39,197,840)
Share of other comprehensive income from joint ventures (Note 20)	**29,686**	913,343
Dividends received	**(1,161,000)**	(1,155,269)
Foriegn currency translation and adjustments	**(2,007,954)**	(504,084)
Balance at the end of the year	**30,356,565**	31,255,578

Summarized statement of financial position:

	Mediterranean Investment Holding P.L.C.		Naples TOPCO Limited		Total	
	2024	2023	**2024**	2023	**2024**	2023
Assets:						
Cash and cash equivalents	**2,231,956**	2,539,882	**35,764,500**	31,125,118	**37,996,456**	33,665,000
Other current assets	**6,456,160**	3,753,503	**5,886,682**	3,344,823	**12,342,842**	7,098,326
Total current assets	**8,688,116**	6,293,385	**41,651,182**	34,469,941	**50,339,298**	40,763,326
Non-current assets	**85,907,628**	91,301,551	**359,925,670**	361,326,281	**445,833,298**	452,627,832
Total assets	**94,595,744**	97,594,936	**401,576,852**	395,796,222	**496,172,596**	493,391,158
Liabilities:						
Financial liabilities (excluding trade payable)	**1,138,027**	970,290	**6,095,937**	22,903,286	**7,233,964**	23,873,576
Other current liabilities (including trade payable)	**8,105,321**	4,791,327	**23,480,129**	3,598,819	**31,585,450**	8,390,146
Total current liabilities	**9,243,348**	5,761,617	**29,576,066**	26,502,105	**38,819,414**	32,263,722
Non-current liabilities	**24,639,266**	29,322,163	**482,576,137**	422,389,857	**507,215,403**	451,712,020
Total liabilities	**33,882,614**	35,083,780	**512,152,203**	448,891,962	**546,034,817**	483,975,742
Net assets	**60,713,130**	62,511,156	**(110,575,351)**	(53,095,740)	**(49,862,221)**	9,415,416
Share in the joint venture’s net assets attributable to the Parent Company	**30,356,565**	31,255,578	**-**	-	**30,356,565**	31,255,578

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Summarized statement of profit or loss and other comprehensive income

	Mediterranean Investment Hold-ing P.L.C.		Naples TOPCO Limited		Total	
	2024	2023	**2024**	2023	**2024**	2023
Revenue	**10,391,174**	9,143,666	**8,187,748**	4,105,574	**18,578,922**	13,249,240
Operating expenses	**(4,619,809)**	(3,739,260)	**(18,030,572)**	(78,592,020)	**(22,650,381)**	(82,331,280)
Interest income	**47,417**	34,249	**5,049**	21,062	**52,466**	55,311
Finance chrgaes	**(1,338,273)**	(1,249,286)	**(39,681,959)**	(29,834,111)	**(41,020,232)**	(31,083,397)
Net profit / (loss) for the year	**4,480,509**	4,189,369	**(49,519,734)**	(104,299,495)	**(45,039,225)**	(100,110,126)
Other comprehensive income/ (loss)	**59,373**	(46,296)	**(1,540,743)**	1,110,335	**(1,481,370)**	1,064,039
Total comprehensive income / (loss) for the year	**4,539,882**	4,143,073	**(51,060,477)**	(103,189,160)	**(46,520,595)**	(99,046,087)
Total share of joint venture results	**2,240,255**	2,094,685	**-**	(41,292,525)	**2,240,255**	(39,197,840)
Total share of other com-prehensive income/ (loss) from joint ventures	**29,686**	(23,621)	**-**	936,964	**29,686**	913,343

9. Investment in an associate

The investment in associates consists of the following:

Name of Associate	Country of incorporation	Principal activities	Percentage of ownership %		Amount	
			2024	2023	**2024**	2023
Agility Public Warehousing Company K.S.C.P. (a)	Kuwait	Logistics Services	**23.346**	23.445	**228,707,354**	406,365,226
Agility Global PLC (b)	UAE	Aviation and logistics services	**12.140**	-	**207,361,838**	-
					436,069,192	406,365,226

The movement in the carrying value of investment in an associates during the year is as follows:

	2024	2023
Balance at the beginning of the year	**406,365,226**	365,495,662
Dividends In-Kind (b)	**(182,038,832)**	-
Additions	**189,693,578**	-
Partial disposal of investment in an associate	**(943,719)**	-
Cash dividend received from an associate	**(16,773,353)**	-
Group's share of results from an associates	**19,129,300**	20,391,643
Share of associates' other comprehensive income	**47,316,231**	15,248,952
Share of associates' other reserves	**(27,164,058)**	5,228,969
Foriegn currency translation and adjustments	**484,819**	-
Balance at the end of the year	**436,069,192**	406,365,226

(a) The Parent Company has an effective equity interest directly and through related parties of 23.346% (December 31, 2023: 23.445%) in Agility Public Warehousing Company K.S.C.P. (the "Associate"), a public shareholding company registered in Kuwait and listed on the Boursa Kuwait and Dubai Financial Market. The associate is involved in storage of goods, management and renting of warehouses, transportation activities, distribution, handling and customs clearance for goods.

The fair market value of the Parent Company's interest in Agility Public Warehousing Company K.S.C.P. (the "Associate"), based on the quoted market price of the investment as at December 31, 2024 amounted to KD 147,180,937 (December 31, 2023: KD 302,790,502).

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The Group's share of the associate's contingent liabilities and capital commitments amounted to KD 92,779,572 as of December 31, 2024 (2023: KD 70,524,201).

As of December 31, 2024, 71.92% (2023: 71.92%) of the Group's ownership in the associate is pledged to local bank against bank facilities as stated in (Note 13).

(b) On March 27, 2024, the Board of Directors of the Associate Company, based on the authorization given by Agility's Warehousing Company K.S.C.P (Associate Company) Ordinary General Assembly held on May 30, 2023 and the Extraordinary General Assembly held on June 7, 2023, approved the distribution of interim dividends comprising of cash dividends of 10 fils per share and In-kind dividends representing 49% of the shares currently held by the associate company in Agility Global PLC, a wholly owned subsidiary of the associate company. Each shareholder registered in the Associate Company's records at the end of the registration date will receive two shares in Agility Global PLC for every share it holds in the Associate. On May 1, 2024, the distribution of the in-kind dividends was completed.

During the year ended December 31, 2024, the distribution of in-kind dividends was completed, and on May 2, 2024, Agility Global PLC was listed on the Abu Dhabi Securities Exchange (ADX) after completing the required procedures in accordance with the rules and regulations of the Abu Dhabi Securities Exchange (ADX), Accordingly, the Group's share in Agility Global PLC (Associate Company) amounted to 12.102%, and the Parent Company appointed 4 board of director members, which gives the Parent Company significant influence over this associate company.

The fair market value of the Parent Company's interest in Agility Global PLC Company (the "Associate"), based on the quoted market price of the investment as at December 31, 2024 amounted to KD 139,375,192.

The Group's share of the associate's contingent liabilities and capital commitments amounted to KD 33,951,397 as of December 31, 2024.

As of December 31, 2024, 68.37% of the Group's ownership in the associate is pledged to local bank against bank facilities as stated in (Note 13).

Summarized consolidated statement of financial position:

	Agility Public Warehousing Company K.S.C.P.	
	2024	2023
Assets:		
Cash and cash equivalents	**319,569,000**	213,542,000
Other current assets	**478,575,000**	400,876,000
Total current assets	**798,144,000**	614,418,000
Non-current assets	**3,398,249,000**	3,131,130,000
Total assets	**4,196,393,000**	3,745,548,000
Liabilities:		
Financial liabilities (excluding trade payable)	**211,427,000**	174,966,000
Other current liabilities (including trade payable)	**534,369,000**	461,600,000
Total current liabilities	**745,796,000**	636,566,000
Non-current liabilities	**1,406,848,000**	1,216,876,000
Total liabilities	**2,152,644,000**	1,853,442,000
Net assets	**2,043,749,000**	1,892,106,000
Less: Net assets attributable to the non-controlling interests	**(1,026,806,000)**	(119,571,000)
Net assets attributable to the Parent Company	**1,016,943,000**	1,772,535,000
Share in associate's net assets after eliminations	**238,713,937**	416,371,809
Impairment losses recorded in prior years	**(10,006,583)**	(10,006,583)
Carrying value of investment in an associate	**228,707,354**	406,365,226

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Summarized consolidated statement of profit or loss and other comprehensive income

	Agility Public Warehousing Company K.S.C.P.	
	2024	2023
Revenue	**1,528,070,000**	1,353,023,000
Operating expenses	**(1,292,845,000)**	(1,126,741,000)
Depreciation and amortization	**(102,084,000)**	(91,495,000)
Interest income	**7,017,000**	2,536,000
Finance charges	**(74,425,000)**	(64,094,000)
Other income	**84,149,000**	54,368,000
Other expenses	**(19,461,000)**	(19,867,000)
Net profit for the year	**130,421,000**	107,730,000
Other comprehensive income for the year	**113,822,000**	85,503,000
Total comprehensive income for the year	**244,243,000**	193,233,000
Profit for the year attributable to:		
Shareholders of the Parent Company	**62,627,000**	83,569,000
Non-controlling interests	**67,794,000**	24,161,000
	130,421,000	107,730,000
Total other comprehensive income attributable to:		
Shareholders of the Parent Company	**72,037,000**	172,784,000
Non-controlling interests	**172,206,000**	20,449,000
	244,243,000	193,233,000
Share of associate's results	**15,286,204**	20,391,643
Share of associate's other comprehensive income	**1,981,220**	20,477,921
Dividends received from an associate	**11,942,745**	-

Summarized consolidated statement of financial position as of December 31:

	Agility Global PLC
	2024
Assets:	
Cash and cash equivalents	**269,615,400**
Other current assets	**359,039,442**
Total current assets	**628,654,842**
Non-current assets	**3,016,165,308**
Total assets	**3,644,820,150**
Liabilities:	
Financial liabilities (excluding trade payable)	**202,414,369**
Other current liabilities (including trade payable)	**356,900,339**
Total current liabilities	**559,314,708**
Non-current liabilities	**1,211,314,943**
Total liabilities	**1,770,629,651**
Net assets	**1,874,190,499**
Less: Net assets attritbutable to the non-controlling interests	**(129,562,201)**
Net assets attritbutable to the Parent Company	**1,744,628,298**
Carrying value of investment in an associate	**207,361,838**

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Summarized consolidated statement of profit or loss and other comprehensive income for the period from April 1, 2024 (Acquisition date) to December 31, 2024:

	Agility Global PLC
	2024
Revenue	**1,386,496,941**
Operating expenses	**(1,205,939,551)**
Depreciation and amortization	**(94,400,834)**
Interest income	**5,879,981**
Finance charges	**(58,316,241)**
Other income	**37,642,642**
Other expenses	**(15,711,837)**
Net profit for the year	**55,651,101**
Other comprehensive income for the year	**130,255,641**
Total comprehensive income for the year	**185,906,742**
Profit for the year attributable to:	**38,455,657**
Shareholders of the Parent Company	**17,195,444**
Non-controlling interests	**55,651,101**
Total other comprehensive income attributable to:	**169,644,282**
Shareholders of the Parent Company	**16,262,460**
Non-controlling interests	**185,906,742**
Share of associate's results	**3,843,096**
Share of associate's other comprehensive income	**18,170,953**
Dividends received from an associate	**4,830,608**

a) The contingent liabilities and legal cases relating to the associate are summarized as follows:

i) Renewal of land leases with Public authority for industry, Kuwait (PAI)

Investment properties include certain properties with a carrying value of KD 223,255 thousand that are leased from PAI as described below:

1 - 805,712 m2 of land in Sulaibiya area with a carrying value of KD 78,370 thousand leased based on Municipal Council No. (MC /61/6/80) -issued in 1980 – under contract No. 60.

2 - 150,000 m2 of land in Sulaibiya area with a carrying value of KD 11,873 thousand leased based on Municipal Council No. (MC / F 21/287/10/99)-issued in 1999 – under contract No. 211.

3 - 1,625,000 m2 of land in Mina Abdullah area (plots 3,4 and 5) with a carrying value of KD 66,760 thousand leased based on Municipal Council No. (MC/11/10/78) -issued in 1981 – under contract No. 208.

4 - 200,000 m2 of land in Amghara Industrial area with a carrying value of KD 6,946 thousand leased based on Municipal Council No. (L.B./83/10/86) -issued in 1986 – under contract No. 19/2002.

5 - 941,420 m2 of land in Doha with a carrying value of KD 28,680 thousand leased in accordance with letter issued by the Council of Ministers No. (11/930-1949) - Issued in 1978 – under contract No. 8/2003.

6 - 244,000 m2 of land in the Jahra Industrial Expansion Area with a carrying value of KD 30,626 thousand.

The above lands were leased for developing warehousing facilities (both dry and temperature controlled), craft areas, open yards for parking trucks etc.

On 21 November 2022, the Council of Ministers, Kuwait issued a resolution no (1259/12) during its meeting No. (48-3/2022) which decided the following:

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a - No automatic renewal or extension of leases for warehousing and related support services after the expiration of their term. The lands will be leased through public bidding process for qualified companies in conformity with the principles of justice, equality and improvement of governance.

b - No leasing of any land for storage purposes except after referring and coordinating with the government performance follow-up agency.

Subsequently, PAI made a public announcement through news media that was also published in the Official Gazette "Kuwait Al-Youm" under No. 1618 on January 15, 2023 on the termination of the contracts referred to above. The associate Company issued a warning dated January 15, 2023 to the PAI's Board directors' members and to its Director General to respond and deny the content of these announcements. The associate Company sent another warning to PAI on January 25, 2023 in response to the latter's warning dated January 18, 2023. The associate Company filed the following cases in the court of first instance against PAI asserting its position that the leases have been renewed and requesting the court to prevent PAI and its affiliates from obstructing the associate Company's possession and use of the lands mentioned above.

The Associate filed the above cases based on the terms of the aforementioned contracts, minutes of meetings, exchanged correspondence, rules of law and decisions in force in this regard.

1 - Case No. 14/2023 Commercial, Civil, Government / 27 regarding contract No. 60 for the Sulaibiya site with an area of 805,712 m2. The court of first instance dismissed the case on February 16, 2023 rejecting the case. The Associate filed the appeal under appeals No. 1480, 1482, 1449 Commercial Appeal, Civil, Government / 10 for the year 2023. On November 5, 2023, the court of appeal ruled to formally accept the three appeals, and in substance to reject them and uphold the appealed ruling and compelled the appellant to pay the appeals' expenses and an amount of KD Twenty (20) as attorney's fees. The Associate has challenged this appeal decision and filed case number 18/35/38 for the year 2024 cassation commercial /1.

2 - Case No. 9/2023 Commercial Civil Government / 28 related to Contract No. (211) of the Sulaibiya site, with an area of 150,000 m2. The first instance court issued a judgment on June 18, 2023 on grounds of lack of jurisdiction and referred the case to the Administrative Department / 2 under no 4155/2023 administrative department /2. On December 27, 2023, the court of first instance ruled and dismissed the case. The Associate appealed the above judgement under Appeal No. 3340/2023 Commercial, Civil, Government / 9. On November 14, 2023, the court of appeal rejected the appeal. The Associate filed a new case under case no. 622/2024 commercial, civil Government /23 with the same requests and a first hearing is scheduled for May 21, 2024. On June 11, 2024, a preliminary decision was issued by the Plenary Court to transfer the case to the expert department, which issued its report on October 30, 2024. On February 18,2025 a decision was issued to put on hold this case until a judgment is made in appeal no. 1247/2024 Commercial Civil Government /4 filed by PAI and scheduled for April 30,2025.

3 - Case No. 19/2023 Civil Commercial Government / 9, related to Contract No. (208) for for Mina Abdullah's site, with an area of 1,625,000 m2. On January 24, 2024, the court of first instance delivered its judgement rejecting the main case and in the secondary case ordered the parent company to vacate the land in favor of PAI. . The Associate appealed the decision of the first instance in appeals no. 1119 and 1146 for the year 2024 and the authority appealed the first instance decision in appeal no 1049 for the year 2024 and a decision was issued on February 16, 2025 rejecting the appeals and confirming the decision of first instance . The associate Company is in the process of filling an appeal against this the ruling at the court of cassation.

4 - Case No. 12/2023 Civil Commercial, Government/20, regarding Contract No. 19/2002 for a truck parking lot in the Amghara Industrial Area, with an area of 200,000 square meters. The first instance court dismissed the case on February 28, 2023. The affiliated company appealed the ruling in Appeals Nos. 1613, 1649, 1654, 1663 of 2023 Civil Commercial Government/5. On June 14, 2023, a decision was issued to suspend the case pending the ruling on the request to dismiss judges No. 13 of 2023. On March 13, 2024, the Court of Appeal issued a ruling rejecting the appeals and upholding the first instance court ruling. The affiliated company appealed this decision in Appeals Nos. 2043, 2148, 2211, 2215 of 2024 Commercial Cassation/7.

5 - Case No. 29/2023 Commercial, Civil, Government / 7 regarding contract No. 8/2003 on Doha site, with an area of 941,420 m2: the court on March 19, 2023 ruled in favor of the Associate establishing the contractual relationship between the Associate and PAI for a period twenty years starting from January 1, 2023 and ending on December 31, 2042 on an area of 941,420 m2 in the Doha area, subject of contract No. 8/2003 dated

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August 12, 2003 under the same terms and conditions. PAI appealed the judgment in Appeal No. 1762/2023 Commercial, Civil, Government / 1. On June 18, 2023, the Court of Appeal ruled to annul the appealed ruling and dismiss the case. The Associate has appealed the appeal ruling with cassation Nos. 3897, 3949, 4145 of 2023, Commercial Cassation/1.

6 - Case No. 10301 of 2024, Civil Commercial, Government/19, Harf Al-Jahra Expansion Area. The Court of First Instance ruled on March 23, 2025, in favor of the Public Authority for Industry and ordered the affiliated company to vacate the site. The affiliated company is currently in the process of filing an appeal.

The PAI also filed claims against the Associate Company in respect of contract No. 208 for Mina Abdullah site, and Contract No. 211 for the Sulaibiya site, No. 8 for the Doha site and No. 60 for the Sulaibiya warehouses site. Pending the final outcome of the above mentioned litigations, the Group's management was unable to determine the fair value of the subject investment properties as at 31 December 2024.

ii) Dispute with Iraqi Airways Company (IAC)

Aviation Service (Iraq) Limited (ASIL), an indirect subsidiary of the Associate, is a party to a concession agreement with IAC to provide Ground Handling and Aviation Fuel Concession Agreement with IAC (the "Concession Agreement"). Pursuant to the Concession Agreement, the parties established a separate entity in Iraq, Menzies Aviation Services Iraq LLC (but registered as United Iraqi Company for Airports and Ground Handling Services Limited) ("MASIL") to perform the services under the Concession Agreement.

On October 20, 2022, ASIL commenced an arbitration in the Dubai International Arbitration Centre ("DIAC") with assigned case number 239/2022 against IAC. The claim seeks, inter alia, damages against IAC for breaches of the Concession Agreement, including costs associated with services provided under the Concession Agreement in the amount of USD 15 million and loss of profits incurred by ASIL in the amount of USD 81 million. IAC has not filed any response to the request for arbitration. On October 28, 2023, DIAC confirmed the appointment of the chairperson of the Tribunal. The parties had their first meeting and were, as at 31 December 2023, in the process of agreeing the procedural timetable.

IAC subsequently commenced proceedings before the commercial court in Iraq seeking, inter alia, the annulment of the registration of MASIL, the annulment of the shareholders agreement entered into between ASIL and IAC (as shareholders in MASIL) and MASIL (as the company) and sought a grossly inflated financial compensation with no substantive evidence whatsoever. On October 17, 2023, the court decided to close the hearings in Commercial Case 1/2023 filed by IAC and later on dismissed the case. IAC appealed the decision of the Court of First Instance to the Supreme Court. The Supreme Court upheld the decision of the Court of First Instance and dismissed IAC's claim. The decision of the Supreme Court is final and binding.

On ASIL's request, the court has suspended Commercial Case 2/2023 until the arbitration has been determined pursuant to Article 253(3) of the Iraqi Civil Procedure Law.

In early January 2024, ASIL, MASIL and IAC, reached a settlement whereby the parties have agreed to amicably resolve the issues subject of the ongoing disputes between them. By virtue of the settlement, IAC has agreed to pay to ASIL an amount equal to USD 9.6 million.

As part of the settlement, ASIL has agreed to cancel the DIAC arbitration and IAC has agreed to withdraw the claims it filed before the commercial courts in Iraq.

iii) NAS Afghanistan vs Afghanistan Civil Aviation Authority, Afghanistan Ministry of Transportation and Civil Aviation and Ariana Afghan Airlines Co. Ltd. (ICC Case No. 2580/AYZ/ELU1)

National Aviation Services, Afghanistan (NAS), a subsidiary of the Associate filed a Notice of Arbitration in the above matter in November 2020. The claims involve the Respondents':(i) failure to enforce NAS' exclusive right to render ground handling services at Afghan airports; (ii) unlawful termination of the subject concession agreement; (iii) seizure and expropriation of the NAS' equipment and operations; and (iv) illegal encashment of a performance guarantee. An arbitral tribunal was constituted comprising Professor Dr. Mohamed S. Abdel Wahab, Laurence Shore, and Caline Mouawad (President). Following a hearing on the merits the Tribunal issued its Award dated December 16, 2022 in NAS' favor and awarding NAS damages, inclusive of attorneys' fees and arbitration costs, of approximately USD 27.7 million plus post-Award interest accruing annually at a rate of LIBOR + 2%. NAS' external counsel is advising the company on the enforcement of the award with proceedings recently commenced in the UK High Court.

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Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the Associate's management has not considered any adjustment in the interim condensed consolidated financial information.

iv) Guarantee encashment

A resolution was issued by the General Administration of Customs for Kuwait ("GAC") to cash a portion, amounting to KD 10,092 thousand of the bank guarantee submitted by Global Clearing House Systems K.S.C. (Closed) ("GCS"), a subsidiary of the Associate, in favour of GAC in relation to performance of a contract. Pursuant to this resolution, GAC called the above guarantee during the year ended December 31, 2007.

GCS appealed the above resolution at the Court of First Instance and the latter issued its judgment in favor of GCS and ordered GAC to pay an amount of KD 58,927 thousand as compensation against the non-performance of its obligations under the contract, and KD 9,138 thousand towards refunding of the guarantee encased earlier, together with an interest of 7% per annum on these amounts to be calculated from the date the judgment becomes final.

GCS appealed the judgment in Appeal number 1923 for the year 2014 administration /4, before the Court of Appeal requesting an increase in compensation. GAC also filed an appeal No. 1955 / 2014 Administrative 4 before the Court of Appeal. On September 13, 2015, the Court of Appeal pronounced its judgement affirming the decision of the Court of First Instance. Both GCS and GAC appealed against this ruling before the Kuwait Court of Cassation in appeals No. 1480, 1487 for the year 2015. On September 25, 2019, the Court of Cassation resolved to defer the appeal to the experts. On May 24, 2021, the experts committee issued a report affirming the Company's right for the claimed compensation.

On May 11, 2022, this matter was finally resolved with the issuance of this judgment in respect of Appeals No. 1480 and 1487 for year 2015, Administrative/4 by the Court of Cassation, where the court ordered the GAC to refund an amount of KD 5,561 thousand to GCS out of the original amount of encased guarantee. The said appeals resolved, otherwise, to uphold the appealed judgment, which ordered the second defendant, "the Director General of the General Administration of Customs in his capacity," to pay to the plaintiff "GCS" an amount of KD 58,927 thousand in addition to the legal interest of 7% annually on both amounts from the date this judgment becomes final.

The management of GCS was engaged in negotiations with GAC to conclude this in the best interest of shareholders of GCS and hence the claims were not recognized in the consolidated financial statements for the years ended 31 December 2022 and 31 December 2023.

During the year the Associate company and GCS decided to recognize an amount of KD 54,395 thousand representing the net receivable from GAC pursuant to the above judgements in the consolidated financial statements . The amount of interest in respect of the above claims is currently not quantifiable and hence not recorded in the consolidated financial statements.

v) Legal cases with GAC - Appeals No. 1927 and 1933 of 2018

Further, in respect of an ongoing dispute between GCS and GAC on which there were claims filed by both parties against each other relating to project management mechanisms in the ports, GCS filed Case No. 760/2014 Administrative/6 against the GAC requesting the delegation of experts from the Ministry of Justice to view the IT system at the GAC to indicate the amount of vehicle handling fees. GAC filed a counterclaim requesting that GCS complies with the price list attached to the contract.

GAC also filed case No. 4242/2014 Administrative/6 against GCS with a request to establish a project mechanism development fund, for GCS to pay the customs an amount of KD 500 thousand for developing project mechanisms at customs ports on a periodic basis, obliging GCS to pay the customs an amount of KD 21,242 thousand for the fines owed by GCS as of 9 February 2005, as well as an amount of KD 50 thousand for the annual allocation to the fund.

GAC also filed several lawsuits that were included in the case filed by GCS, and these cases are:

Case No. 4246/2014 Administrative/6 against GCS requesting it to pay the customs an amount of KD 1,805 thousand as differential payments due for the project manager's fees from August 2006 to August 2011, obliging the company to pay the customs an amount of KD 2,025 thousand as differences due to the project manager's fees for the period from August 2011 to August 2014, obliging GCS to pay the customs an amount of KD 42,991 thousand for the differences due as of February 9, 2005 as a result of its failure to pay the project manager's fees, with a cumulative delay fine of 1% per week, and obliging GCS to make monthly payments due for the project manager's fees until the end of the contract.

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Case No. 2738/2014 Administrative/6 against GCS with a request to oblige it to pay customs an amount of KD 5,853 thousand as differences in payments due for the project manager's fees from August 2006 to October 2010 with a cumulative delay fine and legal interest at the rate of 7% annually; and Case No. 3276/2015 Administrative/6 filed by the Director General of the General Administration of Customs with the same requests under Case No. 4242/2014 Administrative/6; and Case No. 3280/2015 Administrative/6 filed by the Director General of the General Administration of Customs with the same requests contained in Case No. 4246/2014 Administrative/6.

All these cases were joined together to hand down a single judgment for all of them. On September 25, 2018, the judgment was issued dismissing all cases.

The judgment was appealed by both GCS and GAC under appeals No. 1927 and 1933/2018, Contracts Administration and Individual Appeals/2. On September 26, 2022 the court ruled, First: the litigation is ended in the first appeal, and the appellant company obliged to pay the expenses and KD 10 as attorney fees; Second: accepting the second appeal in form, and in substance, cancelling the appealed judgment with regard to what was included in its judgment under requests one to four, and oblige the appellee to set up the project development fund, subject of the Bidding Contract No. A/S.M./1/2004/2005, subject of the litigation, and pay the appealing administration an amount of KD 12,443 thousand, and rejecting the appeal and upholding the appealed judgment with respect to other requests.

GCS appealed this judgment before the court of cassation in appeal No. 3995 for the year 2022 Cassation, Administrative/1 and requested to cancel the ruling and reject the case. The appeal also included a request for a stay of execution until the appeal is resolved. GAC also appealed this judgement in appeal No. 4023 for the year 2022 and requested to increase the value of the compensation. During the hearing scheduled for April 12, 2023, the Court of Cassation considered the request to stay the enforcement, and resolved to stay the enforcement of the judgment until the appeal is resolved. The Associate and GCS (after consulting the external counsel) have resolved not to record any provision in the interim condensed consolidated financial information pending final ruling by the court of cassation.

In addition to the above, there are other legal disputes between GCS and GAC. Both the parties have filed various claims and counter claims that are currently pending in the courts. The Associate's in-house counsel believes that these matters will not have a material adverse effect on the Associate's consolidated financial statements.

vi) ICS Claims Against Argentina

On July 21, 2014, ICS Inspection and Control Services Limited, a subsidiary of the Associate, filed a notice of arbitration against the Argentine Republic ("the Respondent") regarding the Respondent's breach of its obligations under Article 2 of the bilateral treaty between the United Kingdom and Argentina in connection to an agreement entered into between the Claimant and Argentina's Ministry of Economy and Public Finances, formerly known as the Ministry of Economy and Public Works and Services ("MECON") on March 11, 1998. This agreement concerned services provided by ICS as part of a government-supervised program under which goods intended for import into Argentina would be inspected before being shipped to Argentina. ICS thereby sought compensation for the losses incurred due to the alleged breaches of the bilateral investment treaty.

On April 29, 2024, the tribunal awarded compensation to ICS for an amount of USD 159.7 million, being USD 9.7 million as principal award. Consequently, the Associate will now pursue enforcement of the award against the Respondent.

On 29 May 2024, Argentina filed a request to correct a computational error in the final award under Article 38 of the 2010 UNCITRAL Rules. The computational error reduces the original amount owed to ICS by USD 46 thousand. With interest, the correction reduces the amount of compensation owed to ICS as of the date of the award by USD 723.8 thousand to USD 165.1 million. ICS did not object to the correction of the computational error. On 12 July 2024, the Tribunal issued its Decision confirming the correction of the computation filed by Argentina. Argentina can still seek to challenge this decision with the Deutsch courts.

On December 4, 2024, Argentina initiated proceedings against ICS in the Dutch courts, seeking annulment of the Award under applicable Dutch arbitration law. ICS is contesting Argentina's annulment application. Judgment of the Dutch District Court is expected in early 2026. The judgment may be subject to further appeal to the Dutch Court of Appeal and Supreme Court.

Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the Associate's management has not considered any adjustment in the interim condensed consolidated financial information.

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In addition to the above, the Associate is involved in various incidental claims and legal proceedings. The legal counsel of the Associate believes that these matters will not have a material adverse effect on the consolidated financial statements

c) Korek Litigation

In February 2017, the Associate filed a request for arbitration against the Republic of Iraq pursuant to Article 36 of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ("ICSID"), and Article 10 of the Agreement between the Government of the State of Kuwait and the Government of the Republic of Iraq for Reciprocal Promotion and Protection of Investments (the "2015 BIT"). The claim arises from a series of actions and inactions of the Iraqi government, including its regulatory agency Communications & Media Commission ("CMC") relating to an alleged decision by the CMC to annul the previous written consent granted in connection with the Associate's investment in Korek Telecom, as well as the CMC's order to transfer the shares acquired by the Associate back to the original Iraqi shareholders (which was implemented in March 2019). Without limitation, the Associate's claims relate to Iraq's failure to treat the Associate's investment of over USD 380 million fairly and equitably, its failure to accord the Associate with due process, as well as the indirect expropriation of that investment, each in breach of the 2015 BIT.

On February 24, 2017, the Associate's request for arbitration was formally registered with ICSID. The arbitration tribunal was formally constituted on December 20, 2017 and an initial procedural hearing was held on January 31, 2018.

The Associate's memorial was submitted on April 30, 2018. On August 6, 2018, Iraq submitted objections to jurisdiction and requested that they be determined as a preliminary matter before the case proceeds further on the merits. The tribunal bifurcated the proceedings on October 31, 2018 and the Associate submitted its counter-memorial on jurisdiction on January 10, 2019. The reply of the respondents was submitted on February 25, 2019 and the Associate's rejoinder was submitted on March 21, 2019. The hearings were held on April 24 and 25, 2019. On July 9, 2019, the tribunal issued its decision on jurisdiction in which it found that it had jurisdiction over certain (but not all) of the Associate's claims. The case will now go forward on the merits of the claims over which the tribunal has jurisdiction. The Respondent's counter-memorial was submitted on March 13, 2020. The Associate's Reply to Respondent's Counter-Memorial was submitted on July 17, 2020. The hearings on the merits were held in October 2020, and post-hearing submissions were submitted in November 2020.

On February 22, 2021, the tribunal issued its ruling, dismissing all of the Associate's claims and awarding costs of approximately USD 5 million in favor of the respondent. On May 28, 2021, the Associate filed an application to annul the award with ICSID which was formally registered on June 4, 2021. On September 22, 2021, ICSID constituted a committee to adjudicate the Associate's application to annul the award. The committee convened on November 22, 2021 and issued a procedural timetable for the proceedings on November 24, 2021. In accordance with the procedural timetable, the Associate submitted its Memorial on December 22, 2021. Iraq's Counter-Memorial was submitted on April 22, 2022. The hearings were convened on November 15 and 16, 2022.

On February 8, 2024, the committee issued its decision in which it partially annulled the original judgment on the basis that the tribunal failed to properly rule on Agility's implementation claim, thereby committing an annullable error. Consequently, the Associate will refile new claims before ICSID against the Republic of Iraq. The claim has been registered and a new ICSID arbitration panel will be formed in the coming months.

Kuwait Claim Against the KRG

Separately, on May 31, 2021, Alcazar Capital Limited ("Alcazar"), a subsidiary of the Associate, filed a claim in Kuwait against the Kurdistan Regional Government (KRG), a political subdivision of the Government of Iraq, under the terms of a sovereign guarantee in respect of the Associate's investment. On January 24, 2022, the Court of First Instance dismissed Alcazar's claims on the basis that, among other things, Alcazar had failed to prove that it had extended the USD 250 million loan to Korek over which it was seeking damages under the sovereign guarantee. On February 16, 2022, Alcazar appealed the judgment to the Kuwait Court of Appeal. On April 19, 2022 the Court of Appeal issued a judgment in favor of Alcazar awarding damages of USD 490 million (the "Kuwait Judgement") against the Kurdistan Regional Government, together with interest of 7% p.a. up to the date of satisfaction of the amount. On May 2, 2023, the Kuwait Court of Cassation issued a stay of enforcement of the Kuwait Court of Appeal judgment, pending its adjudication of the matter. On January 30, 2024, the Kuwait Court of Cassation rejected the KRG's appeal and upheld the Kuwait Judgment. Consequently, the associate will now pursue enforcement of the Kuwait Judgment against the KRG. The management of the associate company has not taken into account any amendment in the consolidated financial statements.

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Consequently, Alcazar commenced enforcement proceedings of the Kuwait Judgment. In January 2023, it commenced proceedings before the United States District Court for the Southern District of New York seeking recognition and enforcement of the Kuwaiti Judgment (the "SDNY Proceeding"). In April 2024, the U.S. Court stayed the proceedings pending the outcome of the proceedings in Kuwait. In July 2024, the U.S. Court lifted the stay and instituted a briefing schedule. The KRG has moved to dismiss the SDNY Proceeding on legal grounds. Alcazar has separately moved for the U.S. Court to enter summary judgment in its favor (i.e., granting Alcazar its requested relief). Briefing on these motions completed at the end of October 2024. and the Court will hear argument on these motions in November 2024. On December 6, 2024, the court issued a ruling rejecting the KRG's request to dismiss the Czar's claims and remanding the case pending the outcome of the International Investment Arbitration Centre's decision.

In December 2022, Alcazar commenced enforcement proceedings in France. On November 20, 2023, the KRG submitted its Statement of Defense. Alcazar submitted its Statement of Reply on February 27, 2024, following which the court ordered the KRG to submit its Statement of Rejoinder on March 27, 2024.

On March 26, 2024, the KRG informed the court that it had submitted an application for reconsideration before the Kuwaiti courts – seeking to overturn the Kuwaiti Judgment – and on that basis requested an extension for the filing of its Statement of Rejoinder. On March 29, 2024, the court in the French Proceedings granted the KRG's request for an extension, ordering that the Statement of Rejoinder be submitted on September 11, 2024. The request for reconsideration before the before the Kuwaiti courts was dismissed on July 9, 2024.

On September 10, 2024, the KRG submitted its Statement of Rejoinder, along with a motion to stay the proceedings. Alcazar submitted their response to the KRG's application for stay on 8 October 2024, The Court heard argument on these motions in November 2024. The U.S. Court subsequently issued an order on December 5, 2024 (the "SDNY Order"), in which the Court (in summary) denied the KRG's motion to dismiss the proceedings but nonetheless stayed the proceedings generally, pending the outcome of the ICSID resubmission proceedings referred to above. On December 20, 2024, Alcazar filed a motion for reconsideration of the stay order. That motion is currently pending.

Pending final outcome of the enforcement proceeding and the uncertainties on the timing and determination of recovery, the Associate's management has not considered any adjustment in the consolidated financial statements.

On February 24, 2023, Korek Telecom commenced an arbitration against Alcazar, seeking a permanent injunction preventing Alcazar from enforcing in Kuwait and internationally against the KRG, the Kuwait Judgment. This, and Korek Telecom claims that obtaining and enforcement of the Kuwaiti judgment is a breach of a Deed of Release that Alcazar signed in 2011, by which Alcazar is said to have released Korek's obligations under the Convertible Loan Agreement. Korek also seeks various declarations, including declarations that Alcazar is in breach of contract and Korek has no liability under a Convertible Loan Agreement. Korek has also indicated that it will apply to the tribunal (once constituted) for an interim injunction preventing Alcazar from enforcing the Kuwaiti Judgment, pending the issuance of a final award in the arbitration. The arbitration is in the very early stages. Korek submitted its Request for Arbitration to the ICC Secretariat on February 24, 2023, and this was served on Alcazar on March 15, 2023. Alcazar filed its Answer to the Request for Arbitration (the "Answer") on May 15, 2023. The tribunal was constituted on July 23, 2023. Korek filed its statement of claim on October 18, 2023. Alcazar filed a security for costs application on October 20, 2023, and a stay application on October 23, 2023. On December 21, 2023, the tribunal granted Alcazar's security for costs application but dismissed its stay application. Korek was required to provide security for Alcazar's costs in the amount of USD 1.35 million (the "Security Amount") by January 18, 2024 but failed to do so. The proceedings were therefore automatically stayed until Korek belatedly paid the Security Amount on March 18, 2024.

The Proceedings have now resumed. Korek filed an application for an interim injunction on March 28, 2024. Alcazar filed a defense brief on April 23, 2024. The filing phase closed on August 13, 2024. On August 30, 2024, in the context of Procedural Order No. 3, Iraq Telecom was granted an additional security for costs in the amount of US$220,000 in respect of its costs in opposing Korek's application for an injunction. Korek filed its reply brief on September 26, 2024. The filing phase of the written briefs on the application for an injunction closed on October 14, 2024, and this application will be heard on November 13, 2024, with the required papers to be filed on November 6, 2024. Iraq Telecom applied to the court for an extension of the time to file its reply brief until January 27, 2025. For the time being, The hearing on the merits is scheduled for February 10-14, 2025, and written and possibly oral closing arguments will follow in March 2025.

Separately and prior to filing the Request for Arbitration under the Deed of Release, Korek applied to the DIFC Courts for an interim injunction restraining Alcazar from enforcing the Kuwaiti Judgment until the tribunal in the Release Arbitration is constituted and can determine an equivalent application for an interim injunction (the

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"Interim Injunction Application"). The Interim Injunction Application was made on January 20, 2023. Alcazar acknowledged service of the Interim Injunction Application on February 17, 2023. After the parties filed evidence and skeleton arguments, the hearing of the Interim Injunction Application occurred on March 22, 2023. On June 13, 2023 the DIFC Court dismissed the Interim Injunction Application. On June 26, 2023, the DIFC Court provided written reasons for the dismissal of the Interim Injunction Application. Alcazar was awarded its costs of the Interim Injunction Application and is now proceeding with a detailed assessment of its costs. This resulted in the DIFC Court ordering Coric to pay Alcazar USD 307,753 on June 28, 2024. Coric has so far failed to pay, and enforcement steps are being taken

As the dispute remains pending without legal resolution and in the absence of clarity, the financial impact of this case cannot be assessed.

In conjunction with the foregoing claims related to Korek Telecom, Iraq Telecom Limited ("IT Ltd.") (in which the Associate holds an indirect 54% stake) commenced the following proceedings:

- **Shareholders Agreement Arbitration**

On June 4, 2018, IT Ltd. commenced ICC arbitration proceedings against Korek International (Management) Ltd ("CS Ltd") and Mr. Sirwan Saber Mustafa. The dispute is in relation to various contractual breaches by the respondents under a shareholders' agreement relating to the Associates's investment in Korek Telecom. The amount in dispute is to be determined during the course of the proceedings.

The request for arbitration was submitted on June 4, 2018, and the respondents' reply was submitted on September 10, 2018. IT Ltd. filed an amended request for arbitration on January 15, 2019 and the tribunal was constituted on March 29, 2019. IT Ltd's Statement of Claim was submitted on August 28, 2019 and CS Ltd's Statement of Defense was submitted on January 22, 2020. On July 10, 2020, IT Ltd. discontinued the proceedings on a without prejudice basis.

New proceedings were commenced with similar claims were nonetheless filed by IT Ltd., both for itself and on behalf of International Holdings Ltd ("IH") and Korek Telecom, against CS Ltd. and Mr. Sirwan Saber Mustafa. On August 25, 2020, IT Ltd. filed its second amended (and current) request for arbitration for itself and in the name and on behalf of International Holdings Ltd. The tribunal has been constituted, and IT Ltd.'s application to pursue derivative claims on behalf of International Holdings Ltd. and Korek Telecom was submitted in December 2020.

The tribunal held a preliminary hearing in February 2021 to adjudicate IT Ltd.'s application to bring derivative claims on behalf of International Holdings Ltd (including whether the tribunal has jurisdiction over such an application). By order dated March 16, 2021, the Tribunal granted IT Ltd. permission to file most of the derivative claims at issue. On April 23, 2021, IT Ltd. submitted its Statement of Claim on the merits. The parties held hearings on the merits between May 8 and 16, 2022. Further hearings occurred on August 2 and 3, 2022. On March 20, 2023, the Tribunal issued its award. The Tribunal agreed with IT Ltd. and International Holdings Limited that all of the respondents had engaged in a deliberate and intentional scheme "to bribe and corrupt officials" of Iraq's telecommunications regulator in order to procure a wrongful decision to expropriate the shareholding of IT Ltd. and IH in Korek Telecom. The Tribunal also agreed with IT Ltd. and International Holdings Limited that Sirwan Saber Mustafa Barzani had breached his fiduciary obligations by engaging in multiple acts of self-dealing and misconduct, causing harm to the claimants.

The Tribunal ordered that the respondents, jointly and severally, pay International Holdings Limited and IT Ltd. a combined amount of USD 1.65 billion in damages and legal costs, together with interest. Of this amount, an amount of USD 1.329 billion is due to International Holdings Limited, and an amount of USD 318.7 million is due to IT Ltd.

On April 10, 2023, an application for recognition and enforcement of the award was made. The DIFC Court granted the application on April 13, 2023 (the "R&E Order"). The R&E Order needs to be served before it is enforceable. On April 14, 2023, an application for permission to serve the Defendants with the R&E Order and related DIFC Court documents by alternative means. This application was granted by the DIFC Court on May 2, 2023.

On April 14, 2023, an application was made for IT Ltd. to have permission to enforce the award and the R&E Order for and on behalf of International Holdings Limited. This application was granted on May 12, 2023.

On April 28, 2023, IT Ltd. Applied to the DIFC Court for a worldwide freezing order against Mr. Barzani, to the value of the amount he personally owes Iraq Telecom and IH Ltd under the SHA Award (i.e. circa US $1.6 billion). An ex parte hearing occurred on May 11, 2023 and the freezing order was granted on May 12, 2023. Mr. Barzani has been served with the freezing order, expressed his willingness to comply with it, and has provided asset disclosure via

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an affidavit. The parties are in ongoing correspondence regarding the extent of Mr. Barzani's disclosure and his compliance with the freezing order. IT Ltd. can apply to the DIFC Court for an order for further disclosure, or cross-examination of Mr. Barzani, as necessary.

On May 24, 2023, Korek and Mr. Barzani applied to stay the effect of the R&E Order pending determination of the Award Set Aside Application (defined below) (the "R&E Application"). The Court granted the R&E Application on May 31, 2023, but then set aside the order granting the R&E Application on June 2, 2023, and requested a hearing of the R&E Application, which was listed for July 25, 2023. The parties then agreed to the withdrawal of the R&E Application, on the condition that Iraq Telecom undertake not to enforce the R&E Order in the DIFC until the determination of the Award Set Aside Application by the DIFC Court of First Instance. That agreement was memorialized in a consent order. The July 25, 2023, hearing has been vacated.

On June 20, 2023, Korek and Mr. Barzani applied to the DIFC Court to set aside the SHA Award. In respect of this application, IT Ltd. filed and served responsive evidence to Korek's and Mr. Barzani's application on September 15, 2023, and Korek and Mr. Barzani filed and served their factual evidence on October 20, 2023. The experts appointed by the parties filed their joint reports on November 24, 2023, and a hearing of three days occurred in the week commencing February 19, 2024.

On 29 August 2024, the DIFC Court dismissed the Award Set Aside Application in full and awarded Iraq Telecom its costs (the "Set Aside Judgment").

On 19 September 2024, Korek applied to the DIFC Court for: (1) permission to appeal the Set Aside Judgment; and (2) a stay of enforcement of the R&E Order in the DIFC pending any appeal. On 10 October 2024, Iraq Telecom submitted a skeleton argument in opposition to the permission to appeal application. The procedure for determination of the accompanying stay application is yet to be directed by the DIFC Court.

Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the Associate's management has not considered any adjustment in the interim condensed consolidated financial information..

- **IBL Subordination Agreement Arbitration: Arbitration proceedings against IBL Bank SAL, Korek Telecom and International Holdings Ltd.**

The dispute is in relation to alleged fraud orchestrated by certain Korek Telecom stakeholders with the knowledge and cooperation of IBL Bank in connection with a subordination agreement relating to a USD 150 million loan extended by IBL Bank to Korek Telecom. The amount in dispute is to be determined during the course of the proceedings. The request for arbitration was submitted on June 26, 2018, and the respondents' reply, and counterclaim was submitted on October 8, 2018. The counterclaim seeks damages for losses (still unquantified) allegedly suffered by the respondents in relation to their reputation and good standing. IBL's answer and counterclaim were submitted on November 8, 2018. Korek's and IH's answer were submitted on December 14, 2018. The tribunal was constituted on May 15, 2019. IT Ltd.'s Statement of Claim was submitted on November 22, 2019, and respondents' Statements of Defense were submitted on February 21, 2020. IT Ltd.'s Reply was filed on July 22, 2020. IBL's Rejoinder and Reply to Defense to Counterclaim and IH/Korek's Rejoinder were filed on October 23, 2020. The hearings were convened in February 2021.

On September 24, 2021, the Tribunal issued its award granting in full IT Ltd.'s claim to render as null and void the subordination agreement relating to the USD 150 million loan extended by IBL Bank to Korek Telecom. The Tribunal agreed with IT Ltd. That all of the respondents, including IBL Bank, had engaged in a deliberate and intentional deception of IT Ltd. The counterclaims of the respondents were rejected in their entirety. In addition to the avoidance of the subordination agreement, IT Ltd. Was awarded legal costs in the amount of USD 3 million, which was collected on May 18, 2023.

As a result of this award, on November 12, 2021, IT Ltd. Filed a Request for Arbitration against Korek Telecom, in order to enforce its debt claim of more than USD 285 million (plus default interest) bringing the total claim to approximately USD 1 billion, against IH, as debtor, and Korek Telecom, as guarantor. Korek Telecom filed its reply on January 24, 2022. On June 17, 2022, Korek Telecom filed a request to stay the proceedings pending adjudication of its application before the Lebanese courts to annul the arbitral award invalidating the Subordination Agreement. On July 1, 2022, IT Ltd. Filed its response to Korek Telecom's motion to stay. On July 15, 2022, Korek Telecom filed its Reply in support of its motion to stay. On July 29, 2022, IT Ltd. Filed its Rejoinder to Korek Telecom's motion to stay. The hearing of the stay application occurred on August 17, 2022 and Korek Telecom's stay application was dismissed by the Tribunal on August 22, 2022.

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The first Procedural order was issued on September 9, 2022. IT Ltd. Filed its Statement of Claim. Korek Telecom's Defense was filed on November 18, 2022, the disclosure stage concluded on January 20, 2023. Iraq Telecom's Statement of Reply was filed on March 3, 2023. Korek's Statement of Rejoinder was filed on May 5, 2023. The merits hearing is now scheduled for June 2023. A follow-up session was subsequently scheduled for September 26 and 27, 2023.

The Tribunal submitted Its draft Final Award to the ICC Secretariat on 8 July 2024 for approval and declared the proceedings closed. The Final Award was issued on 9 September 2024. Korek was ordered to pay IT Ltd. Over USD 1.3 billion. IT Ltd. Is now in the process of enforcing this Final Award.

Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the Associate's management has not considered any adjustment in the interim condensed consolidated financial information.

Separately as well, IT Ltd. filed a Request for Arbitration against IBL Bank on December 13, 2021, seeking damages for the fraud that was adjudicated in the previous arbitration. IBL Bank's Reply was submitted on April 7, 2022. The tribunal was constituted on August 10, 2022, and the Tribunal has convened a Case Management Conference in the arbitration on November 3, 2022 and issued a procedural timetable on December 5, 2022. Pursuant to the timetable, IT Ltd. filed its Statement of Claim on December 9, 2022 and IBL's Statement of Defense was filed March 24, 2023.

On June 1, 2023, the Beirut Court of Appeal issued its decision on IBL's challenge to the award in the initial IBL Arbitration, ordering the set aside of that award (the "Annulment Decision"). IT Ltd. appealed the Annulment Decision before the Lebanese Court of Cassation. Following the issuance of the Annulment Decision, on July 7, 2023, IT Ltd. applied for a stay of the proceedings, or, in the alternative, an adjustment of the procedural timetable. On the same date, IBL applied for a summary dismissal of IT Ltd.'s claims. The Tribunal granted a stay of the proceedings until IT Ltd.'s application to the Lebanese Court of Cassation to stay the annulment was determined. On October 18, 2023, the Lebanese Court of Cassation ordered a stay of the Annulment Decision. The challenge to the Beirut Court of Appeal's decision is currently pending, and the parties have indicated they have no objection to maintaining the stay pending the outcome of the challenge. On February 1, 2024, the Tribunal issued Procedural Order No. 10, Which decided to suspend the arbitration proceedings until the Lebanese Court of Cassation issues a decision on the appeal against the decision of the Beirut Court of Appeal, On February 11, 2025, the court extended the suspension period until May 11, 2025.

- **DIFC Director Claims**

On March 12, 2018 the Associate commenced proceedings in the courts of the Dubai International Financial Centre ("DIFC") against Raymond Zina Rahmeh. The claim alleges breach of the defendant's duties as directors of International Holdings and also alleges multiple instances of self-dealing. Mr. Rahmeh was validly served with the claim in CFI-019-2018 in Lebanon on February 6, 2020 and a certificate of service was issued by the DIFC Court on February 13, 2020.

Permission for IT to bring the derivative claim for and on behalf of IH against Mr. Rahmeh was granted by the DIFC Court on May 11, 2020, subject to the condition that IT is to file a schedule of breach, loss and causation (which has been done). Efforts were made to serve Mr. Rahmeh with the Schedule of Particulars and other recent documents via diplomatic service but ultimately failed. Per the orders of the Court, the Schedule of Particulars must be served before further steps are taken in the proceedings. IT Ltd therefore applied for and was granted on June 17, 2021 permission to serve Mr. Rahmeh with the Schedule of Particulars and other documents by alternative means (e.g. email and courier to various affiliates of Mr. Rahmeh). Service by alternative methods was affected, and, subsequently, on December 16, 2021, a judgment against Mr. Rahmeh was issued in the amount of USD 71.3 million plus costs and interest. On December 27, 2021, the DIFC court granted permission for the judgement to be served on Mr. Rahmeh by way of alternate service. Alternative service was affected, IT is now in the process of enforcing the judgement sum plus costs. On January 1, 2023, IT Ltd. applied for injunctive relief (preventative attachments) before the courts in Lebanon regarding certain of Mr. Rahmeh's assets. On January 25, 2023, injunctive relief was granted, thereby attaching 26 properties owned by Mr. Rahmeh in different districts as well as his shares in 24 companies. The injunctive relief extends to profits generated by those companies. Following a number of notification steps, the enforcement process proceeded towards a court-controlled auction process to auction off the assets. However, this process was interrupted because Mr. Rahmeh appealed to the Court of Appeal the decision of the Lebanese Court of First Instance granting permission to IT Ltd to enforce the default judgment. Pending determination of Mr. Rahmeh's appeal, enforcement is paused by law. IT Ltd is in the process of drafting a detailed defense to Mr. Rahmeh's appeal which will be filed imminently.

Separately, on September 5, 2017, Modern Global Company for General Trading of Equipment, Supplier for Construction and Real Estate WLL (a wholly owned subsidiary of the Associate) commenced arbitration proceedings against Korek

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Telecom in relation to Korek's alleged failure to pay servicing fees due to Modern Global under a services agreement. On March 20, 2019, Modern Global was awarded its full claim, interest and legal costs, amounting to approximately USD 4.5 million. The Associate is currently in the process of enforcing the award against Korek Telecom. As part of the enforcement process, Modern Global sought leave to make alternative service on Korek. A hearing before the DIFC Court regarding the grant of alternative service was convened on February 9, 2021. The DIFC Court issued its judgment on May 9, 2021 pursuant to which Modern Global was wholly successful on the appeal. Consequently, Modern Global is now taking active steps to enforce the USD 5 million award against Korek in the UAE and Iraq. In April 2022, an amount of approximately USD 1.1 million was obtained from certain Korek assets in the United Arab Emirates. Enforcement efforts remain ongoing.

As a result of the ongoing litigation relating to Korek, the Associate's management was unable to determine the fair value of this investment and the recoverability of interest-bearing loan as at December 31, 2024 and December 31, 2023. Accordingly, the investment is carried at its fair value as at December 31, 2013 of USD 359 million equivalent to KD 111,951 thousand (31 December 2023: KD 111,639 thousand).

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10. Principal subsidiaries with major non - controlling interests which are material to the Group

Name of subsidiary	Country of incorporation	Principal activities	Ownership interest held by the group (%)		Ownership interest held by the NCI (%)	
			2024	2023	**2024**	2023
KUWADICO	Egypt	Real Estate Development	**80**	80	**20**	20
NREC – Jordan	Jordan	Real Estate	**70**	70	**30**	30

Summarized financial information for each subsidiary that has non-controlling interests that are material to the Group are as follows:

Summarized statement of financial position

	KUWADICO		NREC – Jordan		Total	
	2024	2023	**2024**	2023	**2024**	2023
Current assets	**12,482,248**	21,557,694	**1,568,311**	1,322,179	**14,050,559**	28,738,375
Current liabilities	**(7,716,337)**	(9,877,550)	**(503,855)**	(513,083)	**(8,220,192)**	(9,996,328)
Total net current assets	**4,765,911**	11,680,144	**1,064,456**	809,096	**5,830,367**	18,742,047
Non-current assets	**1,876,479**	3,416,411	**8,799,606**	8,959,312	**10,676,085**	14,175,765
Non-current liabilities	**(202,345)**	(4,581,574)	**(64,896)**	-	**(267,241)**	(9,691,005)
Total net non-current (liabilities) assets	**1,674,134**	(1,165,163)	**8,734,710**	8,959,312	**10,408,844**	4,484,760
Net assets	**6,440,045**	10,514,981	**9,799,166**	9,768,408	**16,239,211**	23,226,807
Ownership interest held by the Group	**80%**	80%	**70%**	70%	**-**	-
Ownership interest held by the NCI	**20%**	20%	**30%**	30%	**-**	-
Net assets attributable to equity holders of Parent Company for major subsidiaries	**5,152,036**	8,411,985	**6,859,416**	6,837,886	**12,011,452**	15,249,871
Net assets attributable to NCI for major subsidiaries	**1,288,009**	2,102,996	**2,939,750**	2,930,522	**4,227,758**	5,033,519
Net assets attributable to NCI for other subsidiaries					**(707,462)**	(831,166)
Net assets attributable to NCI					**3,520,297**	4,202,353

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Summarized statement of profit or loss

	KUWADICO		NREC – Jordan		Total	
	2024	2023	**2024**	2023	**2024**	2023
Revenue	**6,576,880**	10,933,260	**1,036,270**	1,028,334	**7,613,150**	11,961,594
Expenses	**(4,483,548)**	(8,599,450)	**(728,772)**	(685,640)	**(5,212,320)**	(9,285,090)
Profit for the year	**2,093,332**	2,333,810	**307,498**	342,694	**2,400,830**	2,676,504
Ownership interest held by the Group	**80%**	80%	**70%**	70%	**-**	-
Ownership interest held by the NCI	**20%**	20%	**30%**	30%	**-**	-
Profit attributable to equity holders of Parent Company for major subsidiaries	**1,674,666**	1,867,048	**215,249**	239,886	**1,889,915**	2,106,934
Profit attributable to NCI for major subsidiaries	**418,666**	466,762	**92,249**	102,808	**510,915**	569,570
Loss attributable to NCI for other subsidiaries					**10,323**	(9,078)
Profit attributable to NCI					**521,238**	560,492

Summarized statement of cash flows

	KUWADICO		NREC - Jordan	
	2024	2023	**2024**	2023
Operating	**655,546**	3,112,607	**634,636**	491,006
Investing	**359,269**	202,779	**(96,641)**	12,695
Financing	**(1,164,717)**	(2,743,182)	**(371,819)**	(2,479,538)
	(149,902)	572,204	**166,176**	(1,975,837)

11. Properties under development

	2024	2023
Balance at the beginning of the year	**35,271,784**	41,150,773
Additions	**1,808,105**	1,353,151
Transfer to inventory properties (Note 6)	**(1,821,158)**	(4,630,528)
Foreign currency translation adjustments	**(3,927,020)**	(2,601,612)
Balance at end of the year	**31,331,711**	35,271,784

The Group's management has complied with the executive regulations of the Capital Markets Authority (CMA) with respect to the guidelines for valuations of the real estate under development for the local and foreign groups. These valuations did not result in any impairment losses.

12. Investment properties

The movement of investment properties during the year was as follows:

	Rented buildings
At January 1, 2023	7,067,274
Additions	31,238
Change in fair value	(38,349)
Foreign currency translation adjustment	29,770
At December 31, 2023	7,089,933
Additions	**78,529**
Change in fair value	**(89,985)**
Foreign currency translation adjustment	**38,884**
At December 31, 2024	**7,117,361**

The fair value of investment properties is based on valuations performed by external valuation experts using recognized valuation techniques and principles. All investment properties stated at fair value are based on level 2 for the fair value hierarchy and there was no transfer between the levels during the year.

Management of the Group has complied with the executive regulations of Capital Markets Authority with respect to guidelines for valuations of the Group's local and foreign properties classified as Investment properties.

Further information on the Group's policy in relation to fair value measurements is disclosed in (Note 32).

13. Bank borrowings

	2024	2023
Due to banks	**6,974,374**	4,482,712
Term loans (a)	**135,374,612**	127,949,428
Total	**142,348,986**	132,432,140

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		Current		Non – current		Total	
(a) Term loans	Currency	2024	2023	2024	2023	2024	2023
Term loans from local banks carrying interest rate from 1.5% - 2.25% over the Central Bank of Kuwait discount rate.	KD	**11,608,500**	8,165,000	**119,645,000**	112,905,000	**131,253,500**	121,070,000
Term loan from foreign bank carrying interest rate up to 1.5% - 2.75% over corridor rate of the Central Bank of Egypt.	EGP	**4,121,112**	1,886,309	**-**	4,993,119	**4,121,112**	6,879,428
Total		**15,729,612**	10,051,309	**119,645,000**	117,898,119	**135,374,612**	127,949,428

(b) Term loans and due to banks are secured by the following in favor of the lending banks:
- Pledge of 100% (2023: 71.92%) of the Group's investment in Agility Public Warehousing Company K.S.C.P. (Note 9).
- Pledge of 68.37% (2023: Nil) of the Group's investment in Agility Global PLC (Note 9).

(c) Loans and borrowings are due in different installments, the last of which is due on June 2029.

(d) During the fiscal year ending December 31, 2024, the Group signed, on October 1, 2024, an addendum to one of the existing facility contracts with a local bank in the amount of KWD 17,000,000, to finance and purchase additional shares in Agility Global PLC (an associate company).

(e) During the period subsequent to the date of the consolidated financial statements, the Group signed on March 24, 2025, an addendum to one of the existing facility contracts with a local bank in the amount of KD 20,000,000, to finance working capital requirements and investment in the real estate sector, and until the date of issuing the consolidated financial statements, the facility amount has not been obtained.

14. Accounts payable and other credit balances

	2024	2023
Accrued expenses	**6,155,593**	4,282,285
Payable for purchase of land	**1,166,956**	1,952,423
Deferred revenue	**25,820,305**	23,946,386
Due to contractors and suppliers	**9,881,002**	8,782,400
Other payables	**9,450,237**	10,072,072
	52,474,093	49,035,566

The carrying amounts of accounts payables and other credit balances largely correspond to their fair values.

15. Provision for end of service benefits

	2024	2023
Balance at beginning of the year	**874,372**	1,132,270
Charge for the year	**110,341**	127,987
Paid during the year	**(28,869)**	(385,885)
Balance at end of the year	**955,844**	874,372

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16. Share Capital

Authorized capital consists of 2,500,000,000 shares of 100 fils each. The issued and fully paid up capital is determined by an amount of KD 208,034,605 consisting of 2,080,346,050 shares of 100 fils each (2023: KD 198,128,195 consisting of 1,981,281,950 shares of 100 fils each). All shares have been paid in cash.

	2024	2023
Authorized capital	**250,000,000**	250,000,000
Unpaid capital	**(41,965,395)**	(51,871,805)
Market value (KD)	**208,034,605**	198,128,195

17. Treasury Shares

	2024	2023
Number of shares	**77,344,277**	100,201,765
Percentage of issued shares (%)	**3.72**	5.06
Market value (KD)	**6,032,854**	7,214,527
Cost (KD)	**10,316,727**	14,033,902

The parent company's management has frozen a part of the retained earnings equal to the difference between the treasury shares reserve and the treasury shares balance as at the date of the consolidated financial statements. This balance is not available for distribution as long as the Group holds treasury shares.

18. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

19. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Parent Company's Board of Directors. As per the company's shareholders general assembly earlier decision, no amounts were transferred to voluntary reserves since the parent company's commencement of its activities.

20. Other reserves

	Treasury shares reserve	Cumulative change in fair value	Foreign currency translation reserve	Share of other comprehensive income (loss) from joint ventures (Note 8)	Total
Balance as at January 1, 2024	14,714,475	(942,533)	(26,467,059)	492,404	(12,202,713)
Total comprehensive income (loss) for the year	-	518,350	(5,059,934)	29,686	(4,511,898)
Sale of treasury shares	(1,107,596)	-	-	-	(1,107,596)
Balance as at December 31, 2024	**13,606,879**	**(424,183)**	**(31,526,993)**	**522,090**	**(17,822,207)**
Balance as at January 1, 2023	15,868,692	50,412	(30,650,802)	(420,939)	(15,152,637)
Total comprehensive (loss) income for the year	-	(992,945)	4,183,743	913,343	4,104,141
Sale of treasury shares	(1,154,217)	-	-	-	(1,154,217)
Balance as at December 31, 2023	14,714,475	(942,533)	(26,467,059)	492,404	(12,202,713)

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21. General and administrative expenses

	2024	2023
Staff costs	**2,911,699**	2,706,724
Professional services and legal fees	**1,359,587**	2,752,387
Maintenance and utilities	**194,965**	465,737
lease Land and office rent	**140,139**	90,836
Advertising and marketing	**88,286**	144,983
Other expenses	**1,270,435**	4,548,909
	5,965,111	10,709,576

22. Finance charges

Finance charges are allocated over the Group's credit facilities as follows:

	2024	2023
Bank borrowings	**9,257,880**	9,182,368
Finance charges on lease liabilities	**71,965**	108,986
	9,329,845	9,291,354

23. Other income

	2024	2023
Promotional income and transfer charges	**-**	14,640
Service and registration income	**2,500**	681
Credit balances cancelled	**-**	114,733
Others	**374,809**	1,059,687
	377,309	1,189,741

24. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS):

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, National Labor Support Tax, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates and transfer to statutory reserve. The Parent Company had settled all the amounts due to Kuwait Foundation for the Advancement of Sciences till December 31, 2023.

No KFAS has been provided for since there was no eligible profit on which KFAS could be calculated for the year ended December 31, 2024.

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25. Basic and diluted earnings per share

There are no potential dilutive ordinary shares. The information necessary to calculate basic and diluted earnings (loss) per share based on the weighted average number of shares outstanding during the year is as follows:

	2024	2023
Profit (loss) for the year attributable to equity holders of the Parent Company	9,309,228	(35,183,672)
Number of shares outstanding:		
Number of issued shares at the beginning of the year	2,080,346,046	1,981,281,950
Less: Weighted average number of treasury shares	(84,724,521)	(106,501,593)
Less: Treasury shares related to reciprocal interests with an associate	(100,082,998)	(100,082,998)
Weighted average number of shares outstanding	1,985,538,527	1,873,761,455
Basic and diluted earnings (loss) per share (Fils)	4.91	(18.77)

Basic losses per share for the year ended December 31, 2023 were (19.75) fils, before retrospective adjustment to the number of shares on account of bonus share issue (Note 29).

As there are no dilutive instruments outstanding, basic and diluted earnings (loss) per share are identical..

26. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, Board of Directors, key management personnel, associates, joint ventures, entities under common control and other related parties. Prices and terms of payment are to be approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the consolidated statement of financial position

	Major Shareholders	Associate/ Joint ventures	2024	2023
Accounts receivable and other debit balances (Note 4)	398,546	515,623	914,169	835,842
Financial assets at fair value through profit or loss * (Note 5)	-	21,250,920	21,250,920	18,696,132
Financial assets at fair value through other comprehensive income (Note 7)	5,964,815	-	5,964,815	4,844,167

* Represents a loan given to Naples Topco Ltd ("Naples") a joint venture convertible at the option of the lender. This amount carries interest and can be converted to equity in the project on completion of construction subject to the project achieving certain operational targets.

Consolidated statement of profit or loss

	Major Shareholders	Associate/ Joint ventures	2024	2023
Rental income	-	19,200	19,200	150,139
Net investment loss	-	(207,643)	(207,643)	(587,265)
General and administrative expenses	(362,813)	(64,800)	(427,613)	(929,275)

Compensation to key management personnel

	2024	2023
Short term benefits	1,362,707	1,428,528
Post-employment benefits	48,654	52,846
	1,411,361	1,481,374

Amount due from / (to) related parties are interest free and are receivable/payable on demand.

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27. Commitments and Contingencies

a) At December 31, 2024, the Group's management has capital commitments of KD 406,704 (December 31, 2023: KD 958,221)

b) For the operating lease commitments, the Parent Company has provided a bank guarantee of 0.5% (December 31, 2023: 0.5%) of the total value of the capital project concerned for the purpose of maintenance services to be provided by the final lessor.

c) At December 31, 2024, the Group recognized a contingent liability amounting to KD 2,701,041 (December 31, 2023: KD 2,701,041) in respect of guarantees provided.

d) The Group has entered in to a back-to-back corporate guarantee agreement with its partners in the investment in joint venture Mediterranean Investment Holding P.L.C. (joint venture), where the partner has provided a full guarantee to the bond holders for the revolver and new issuance of Bonds in the joint venture, the value of the guarantee as at December 31, 2024 amounts to KD 8,212,663 (December 31, 2023, KD 8,212,663).

28. Legal Claims and significant events

The main legal claims of the Group are as follows:

1) The Ministry of Finance (MOF) issued a resolution to terminate contracts relating to certain properties constructed on land leased from the Government of the State of Kuwait upon the expiry of 25 years. The Parent Company appealed against this resolution. For one of the properties, the Court of Appeal has ruled in favour of MOF and awarded a compensation of KD 11,711,060.

   The Parent Company has paid the compensation to MOF on installments throughout 2017 to 2019, the last payment being paid on March 31, 2019. The Parent Company has further appealed to Court of Cassation and the case is still under consideration. For the other property, the Court of Appeal has also ruled in favour of MOF and awarded a compensation of KD 6,597,527. The Parent Company has further appealed to the Court of Cassation. The case is under consideration to date and the Parent Company has made a precautionary provision for this lawsuit in prior years with the full amount, and the amount is still outstanding to date.

2) The Parent Company filed a legal case against Kuwait Ports Authority (KPA) and a transport company claiming for unpaid rent arising from utilization of certain plots in KFTZ. The Court of Appeal confirmed the appeal obliging KPA and the transport company to jointly pay KD 6,956,416 to the Parent Company. The Parent Company received the amount as stated in the court ruling on October 11, 2011. KPA and the transport company appealed against the ruling in the Court of Cassation, which is still pending final ruling. As a precaution, the Parent Company has not reversed previously recorded provisions until a final ruling is issued.

   Also, the Parent Company has filed a lawsuit against KPA to compensate it for utilizing other sites in KFTZ. The Court transferred the matter to the Experts department which is still under consideration to date.

3) During the year ended on December 31, 2023, and on February 16, 2023, an administrative decision was issued by the Ministry of Finance to vacate the parent company from the Waterfront Project - Phase III "Souq Sharq." On March 2, 2023, the Ministry of Finance sent a warning to the parent company to hand over Souq Sharq. Before March 6, 2023, and in case of refusal, the Ministry will implement the administrative eviction decision by force, and on March 7, 2023, the Ministry evicted the parent company from Souq Sharq by force.

   The Parent Company filed Case No. 13033 of 2022 Commercial Civil Total Government / 5 regarding proving the renewal of the contractual relationship between the company and the Ministry of Finance. On March 23, 2023, the Court of First Instance of the Commercial Civil Department Total Government / 5 ruled that it did not have jurisdiction to hear the case and referred it to a fully administrative department/10. And on May 4, 2023 the case was dismissed. The parent company appealed this ruling, and on September 10, 2023, it was ruled that the appeal was not permissible. On November 12, 2023, a case was registered in the Commercial Cassation Chamber No. 4875/2023, and no cassation hearing has been scheduled to date.

   The Parent Company also filed Case No. 1158 of 2023 Administrative / 10, the subject of which is the cancellation of Administrative Decision No. 2 of 2023. On August 24, 2023, the lawsuit was rejected, On February 6, 2024, the Court of Appeal ruled to accept the appeal in form and in substance, rejecting it and upholding the appealed ruling. The Parent Company has filed a cassation appeal against this ruling No. 1075/2024 Administrative /1 against this ruling, and no cassation hearing has been scheduled to date.

The Parent Company also filed Case No. 4917 of 2023, Commercial, Civil, Total Government/24, regarding proving the renewal of the contractual relationship between the company and the Ministry of Finance. On February 28, 2024, it was ruled lacking jurisdiction and referred to Administrative/11, and a session was set for May 15, 2024, Which approved the rejection of the lawsuit, and the parent company appealed this ruling in the lawsuit in the Appeal Circuit No. 2930/2024, and a session was set for September 9, 2024 for the ruling, Which ruled to reject and uphold the appealed judgment.

The group has paid the rental value to the Ministry of Finance in advance until March 2024.

4) On April 27, 2023, the Ministry of Finance liquidated the bank guarantee issued by the National Bank of Kuwait in the amount of KD 2,320,595.880 (two million, three hundred and twenty thousand five hundred and ninety six Kuwaiti Dinar and eight hundred and eighty Fils) in favor of the Ministry of Finance, which was issued on request of the Company in guarantee of the Company carrying out the design, construction, management and maintenance of the "Waterfront Project – Phase Three" facility (Souq Sharq), and since the group had It carried out complete maintenance work in accordance with the terms of the contract, and this continued until the Ministry of Finance has forcibly ceased the project on March 7, 2023, however, the Ministry of Finance liquidated the guarantee violating Article No. 16 of the aforementioned contract, and accordingly the Company filed a lawsuit Judicial No. 3674 for the year 2023 Commercial, Civil, Total Government circuit Claiming from the Ministry of Finance to return the value of the guarantee and legal interest at the rate of 7% from the date of liquidation of the guarantee until full payment, A session has been set for May 21, 2024 for the report, Which was postponed to the session of September 10, 2024 for the report, A hearing was set for February 28, 2025, for review. On March 18, 2025, the first instance court ruled that it lacked jurisdiction to hear the case and referred it to the competent administrative department, Administrative/9, for review at a hearing on May 6, 2025. The group then recorded the value of the guarantee as receivables subject to judicial collection pursuant to the aforementioned lawsuit. The Group also registered the value of the guarantee under the item of receivables under judicial collection according to the aforementioned lawsuit.

There are certain lawsuits raised against the group, the results of which cannot be assessed till being finally cleared by the court. In the opinion of the Group's internal legal counsel, there will be no material adverse impact on the Group consolidated financial statements, and hence, no provisions were recorded in the Group's records as of the reporting date..

29. Annual General Meeting

- The annual general meeting of the shareholders held on May 16, 2024, has approved the consolidated financial statements of the Group for the year ended December 31, 2023 and approved to distribute 5 bonus shares for every 100 shares amounting to KD 9,906,410 and not to pay remuneration for the Board of Directors for the year ended December 31, 2023.

During the fiscal year ending December 31, 2024, pursuant to the minutes of the Parent Company's Board of Directors meeting held on March 30, 2024, it was approved to increase the Parent Company's issued capital from KD 198,128,195 to KD 208,034,605, an increase of KD 9,906,410, and it was also approved to amend Articles No. (5) / (6) of the Articles of Association and the Articles of Association respectively of the Parent Company. This increase was notarized in the Commercial Register under No. 19628 on June 3, 2024 (Note 1 and 16).

On July 4, 2024, 99,064,097 shares were distributed and the total issued shares after the increase become 2,080,346,046 shares, and amend the shareholders' register of the parent company to reflect this matter (Note 16).

- During the fiscal year ending December 31, 2024, The Extraordinary General Assembly of the shareholders of the parent company held on October 31, 2024, the following was approved:
  - Amending the Article (5) of the Articles of Association and Article (4) of the Articles of Association related to the activities of the parent company, in order to reconcile the activities from local activities to international activities in accordance with Ministerial Resolution No. 167 of 2022 and No. 177 of 2022.
  - Approving the authorization of the Board of Directors of the parent company to restructure the company's movable and real estate assets and re-register these assets in the name of the subsidiaries owned by the parent company.

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  - Approving the listing of the shares of the parent company and its subsidiaries on non-Kuwaiti stock exchanges.
  - Approval of amending Article (17) of the Articles of Association regarding the membership of the members of the Board of Directors of the parent company in other companies.

  The Commercial Register indicated the amendment of the parent company's purposes and the amendment of Article (17) of the Articles of Association under No. 19628 on December 4, 2024 and December 8, 2024 (Note 1).

- The annual general meeting of the shareholders held on May 25, 2023, has approved the consolidated financial statements of the Group for the year ended December 31, 2022 and approved not to distribute cash dividends or bonus shares and approved not to pay remuneration for the Board of Directors for the financial year ended on December 31, 2022.
- The Board of Directors of the parent company, in its meeting held on March 27, 2025, proposed the following:
  - Distributing 5 bonus shares for every 100 shares, totaling KD 10,401,730.
  - No remuneration will be paid to the members of the Board of Directors for the fiscal year ending December 31, 2024.
  - Approving the increase in the parent company's issued capital from KD 208,034,605 to KD 218,436,335, an increase of KD 10,401,730. Approving the amendment of Article (6) of the Articles of Association and Article (5) of the parent company's Articles of Association, pertaining to the parent company's capital.

  These proposals are subject to approval by the annual general assembly of shareholders of the parent company.

30. Segment Reporting

For management purposes, the group has the following strategic divisions as reportable operating segments, which are summarized as follows:

Reportable operating segment	Description
Real estate and others	Consisting of development, trading, leasing and management of real estate properties and other activities
Investments	Consisting of investment in an associate, joint venture and equity securities

	Real Estate and others		Investments		Total	
	2024	2023	**2024**	2023	**2024**	2023
Revenues	**6,635,013**	13,535,113	**21,369,555**	(18,806,197)	**28,004,568**	(5,271,084)
Expenses	**(7,348,806)**	(15,061,572)	**(465,802)**	(587,265)	**(7,814,608)**	(15,648,837)
Segment (loss)/ profit	**(713,793)**	(1,526,459)	**20,903,753**	(19,393,462)	**20,189,960**	(20,919,921)
Net interest					**(8,928,469)**	(9,134,237)
Unallocated (expenses)					**(1,431,025)**	(4,569,022)
Segment profit					**9,830,466**	(34,623,180)

	Real Estate and others		Investments		Total	
	2024	2023	**2024**	2023	**2024**	2023
Segment assets	**80,366,353**	72,010,974	**493,641,492**	461,161,103	**574,007,845**	533,172,077
Segment liabilities	**(196,628,833)**	(182,694,045)	**-**	-	**(196,628,833)**	(182,694,045)
Net (liabilities) assets	**(116,262,480)**	(110,683,071)	**493,641,492**	461,161,103	**377,379,012**	350,478,032

31. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, accounts receivable and other debit balances, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable and other credit balances, bank borrowings and lease liabilities and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest for its financial assets and liabilities carrying floating interest rates. The effective interest rates and the periods in which interest-bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit through the impact on floating rate borrowings:

	2024		
	Increase (Decrease) in interest rate	**Balance on December 31**	**Effect on consolidated statement of profit or loss**
Short term bank deposits	± 0.5%	**1,093,835**	**± 5,469**
Bank borrowings	± 0.5%	**142,348,986**	**± 711,745**
			± 717,214

	2023		
	Increase (Decrease) in interest rate	Balance on December 31	Effect on consolidated statement of profit or loss
Short term bank deposits	± 0.5%	930,844	± 4,654
Bank borrowings	± 0.5%	132,432,140	± 662,161
			± 666,815

Time deposits carries a fixed interest rates, hence they are not exposed to such risk.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, short term bank deposits, and participation in loans, receivables. Receivables are presented net of allowance for expected credit losses. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

Cash and cash equivalents

The Group's cash and cash equivalents measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash and cash equivalents are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Trade receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

The Group's maximum exposure arising from default of the counterparty is limited to the carrying amount of cash at banks and receivables.

c) Foreign currency risk

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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 currency exchange rates. The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between other currencies and Kuwaiti Dinar.

	2024		
	Increase / (Decrease) against Kuwaiti Dinar	**Effect on consolidated statement of profit or loss (KD)**	**Effect on consolidated statement of other comprehensive income (KD)**
Egyptain Pound (EGP)	**± 5.00%**	**± 107,799**	**± 1,670,659**
Euro (EUR)	**± 5.00%**	**± 112,013**	**± 1,484**
Arab Emirates Dirham (AED)	**± 5.00%**	**± 91**	**± 22,283**
		± 219,903	**± 1,694,426**

	2023		
	Increase / (Decrease) against Kuwaiti Dinar	Effect on consolidated statement of profit or loss (KD)	Effect on consolidated statement of other comprehensive income (KD)
Egyptain Pound (EGP)	± 5.00%	± 102,608	± 1,510,736
Euro (EUR)	± 5.00%	± 104,734	± 1,181
Arab Emirates Dirham (AED)	± 5.00%	± 2,094,159	± 70,902
		± 2,301,501	± 1,582,819

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and

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- Managing the concentration and profile of debt maturities.

The table below summarizes the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets at FVOCI, investment properties and inventory properties is based on management's estimate of liquidation of those assets.

Maturity Table for assets and liabilities

2024	Up to 1 year	Over 1 year	Total
Assets:			
Cash and cash equivalents	25,132,584	-	25,132,584
Accounts receivable and other debit balances	9,380,579	4,046	9,384,625
Financial assets at fair value through profit or loss ("FVPL')	-	21,250,920	21,250,920
Inventory properties	3,992,345	-	3,992,345
Financial assets at fair value through other comprehensive income ("FVOCI")	-	5,964,815	5,964,815
Investment in joint ventures	-	30,356,565	30,356,565
Investment in an associate	-	436,069,192	436,069,192
Properties under development	6,615,825	24,715,886	31,331,711
Property and equipment	-	775,874	775,874
Right of use assets	-	2,631,853	2,631,853
Investment properties	-	7,117,361	7,117,361
	45,121,333	528,886,512	574,007,845
Liabilities:			
Bank borrowings	22,703,986	119,645,000	142,348,986
Lease liabilities	4,116	845,794	849,910
Accounts payable and other credit balances	16,046,149	36,427,944	52,474,093
Employees' end of service benefits	-	955,844	955,844
	38,754,251	157,874,582	196,628,833

2023	Up to 1 year	Over 1 year	Total
Assets:			
Cash and cash equivalents	9,804,269	-	9,804,269
Accounts receivable and other debit balances	12,892,573	25,502	12,918,075
Financial assets at fair value through profit or loss ("FVPL')	-	18,696,132	18,696,132
Inventory properties	3,982,499	-	3,982,499
Financial assets at fair value through other comprehensive income ("FVOCI")	-	4,844,167	4,844,167
Investment in joint ventures	-	31,255,578	31,255,578
Investment in an associate	-	406,365,226	406,365,226
Properties under development	9,586,355	25,685,429	35,271,784
Property and equipment	-	752,076	752,076
Right of use assets	-	2,192,338	2,192,338
Investment properties	-	7,089,933	7,089,933
	36,265,696	496,906,381	533,172,077
Liabilities:			
Bank borrowings	14,534,021	117,898,119	132,432,140
Lease liabilities	6,747	345,220	351,967
Accounts payable and other credit balances	14,091,803	34,943,763	49,035,566
Employees' end of service benefits	-	874,372	874,372
	28,632,571	154,061,474	182,694,045

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e) Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio and are continuously monitored.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these equity instruments, to which the Group had significant exposure as of the reporting date:

	2024	
	Change in equity instrument price	Effect on consolidated other comprehensive income
Boursa Kuwait	± 5.00%	± 298,241

	2023	
	Change in equity instrument price	Effect on consolidated other comprehensive income
Boursa Kuwait	± 5.00%	± 242,208

32. Fair value measurement

The Group measures financial assets such as financial assets at FVPL and financial assets at FVOCI and non–financial assets such as investment properties at fair value at each reporting date.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy.

December 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets at FVPL	-	-	21,250,920	21,250,920
Financial assets at FVOCI	5,964,815	-	-	5,964,815
Investment properties	-	7,117,361	-	7,117,361
Total	5,964,815	7,117,361	21,250,920	34,333,096

December 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets at FVPL	-	-	18,696,132	18,696,132
Financial assets at FVOCI	4,844,167	-	-	4,844,167
Investment properties	-	7,089,933	-	7,089,933
Total	4,844,167	7,089,933	18,696,132	30,630,232

33. Capital Risk Management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2024	2023
Bank borrowings	**142,348,986**	132,432,140
Lease liabilities	**849,910**	351,967
Less: cash and cash equivalents	**(25,034,044)**	(9,221,939)
Net debt	**118,164,852**	123,562,168
Total equity	**377,379,012**	350,478,032
Total capital resources	**495,543,864**	474,040,200
Gearing Ratio	**23.85%**	26.07%