2025
Annual Report

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

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

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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

Dear Shareholders,

I am pleased to present the Annual Report of National Real Estate Company (NREC) for the fiscal year ended December 31, 2025.

2025 was a year of transition for NREC, marked by significant accounting adjustments alongside continued progress across our core assets.

This report outlines our financial and operational performance, highlights key developments across the portfolio, and sets out our priorities as we navigate an evolving market environment.

Financial Performance

For the year ended December 31, 2025, NREC reported operating revenue of KD 3.5 million, compared to KD 5.8 million in 2024.

The Company recorded a net loss of KD 72.4 million, with a loss per share of 36.32 fils, compared to a net profit of KD 9.3 million and earnings per share of 4.66 fils in the prior year. This variance is attributable to NREC's proportionate share of two non-recurring, non-cash charges recognized in Makhazen's financial statements during the year: the fair value re-measurement of Makhazen's retained stake in Agility Global PLC following its deconsolidation and distribution as an in-kind dividend to Makhazen's shareholders in Q2 2025, and the full impairment of Makhazen's investment in Korek Telecom in Q4 2025.

Both items are non-cash and non-recurring in nature and do not reflect NREC's underlying operational performance.

Total assets stood at KD 544 million as of December 31, 2025, compared to KD 574 million in 2024, while shareholders' equity stood at KD 328 million (2024: KD 374 million), reflecting disciplined portfolio management and ongoing balance sheet optimization.

The Company closed the year with a net debt-to-equity ratio of 0.41 and total debt of KD 153.9 million, maintaining a prudent and disciplined approach to capital structure and financial management.

Overall, NREC's financial position remains solid, supported by a diversified portfolio, disciplined risk management, and a clear focus on long-term value creation.

Operational Performance

NREC's operational assets continued to perform steadily across key markets in 2025.

In Jordan, the South Aqaba Investment Park maintained strong performance. Warehouse occupancy reached 92%, while industrial buildings remained fully occupied at year-end, reflecting a 4% year-on-year increase in revenues and underscoring the asset's stability despite ongoing regional geopolitical challenges.

Faisal Jamil Sultan Al-Essa
Vice Chairman and CEO

In Libya, Palm City Residences recorded improved occupancy levels, reaching 66% by the end of 2025, compared to 61% in 2024, alongside revenue growth of 11.8%, reflecting continued recovery and improving demand.

Strategic Focus

Landmark Developments

Reem Mall – Abu Dhabi: Building Momentum as a Leading Retail and Lifestyle Destination

Following its official opening in May 2024, Reem Mall has continued to build strong momentum, with over 240 units actively trading by the end of 2025. This reflects solid tenant uptake and increasing consumer engagement, supporting the development of a vibrant retail environment.

With a significant portion of the mall now operational, Reem Mall continues to attract a diverse mix of established brands and new market entrants, reinforcing its position as a key retail and lifestyle destination in Abu Dhabi.

The mall is focused on delivering differentiated, family-oriented experiences. Anchored by unique attractions, the mall offers a compelling mix of retail, dining, and entertainment designed to meet evolving consumer preferences.

Reem Mall continues to evolve as a next-generation retail destination, integrating physical and digital experiences to enhance customer engagement.

NREC is a co-investor in the $1.3 billion development located on Reem Island. Spanning approximately 186,000 square meters of gross leasable area, the mall features more than 400 retail outlets, including over 80 food and beverage concepts, as well as 6,400 parking spaces. Supported by integrated digital solutions, such as a unified mobile application, in-mall navigation, and smart parking systems, Reem Mall is at the forefront of modern, experience-driven retail.

Grand Heights Residential Development in Egypt

Grand Heights, NREC's flagship residential development in Egypt, is being developed by its subsidiary KUWADICO on a strategically located land parcel in the greater Cairo area.

The project is designed as a fully integrated, gated community, offering a comprehensive mix of residential, commercial, and recreational components. With a strong focus on sustainability, security, and quality of life, Grand Heights aims to deliver a modern and vibrant living environment.

As of the end of 2025, the total number of units in the project increased to 9,687 units following the addition of 685 units. To date, 7,453 units have been sold, representing approximately 77% of the total, reflecting continued demand and strong market absorption. Spanning approximately 3.8 million square meters, the development is being executed in phases through multiple sub-developers, supporting efficient capital deployment and phased delivery.

Strategically positioned to address growing housing demand in Cairo and its surrounding areas, Grand Heights remains a key contributor to NREC's regional development portfolio.

Strategic Investments

NREC's Strategic Investment in Agility Global PLC: Strengthening Long-Term Value Creation

NREC continues to expand beyond its traditional real estate portfolio through targeted investments in high-growth sectors.

A key pillar of this approach is its investment in Agility Global PLC, a diversified logistics and infrastructure group listed on the Abu Dhabi Securities Exchange (ADX). NREC holds both direct and indirect stakes through NREC Global Limited and Makhazen Company.

Agility Global manages a portfolio of leading businesses, including Menzies Aviation, Tristar, and Agility Logistics Parks (ALP), operating across logistics, aviation, and industrial infrastructure in key global markets.

This investment supports our diversification strategy by providing exposure to high-growth sectors linked to global trade and infrastructure, while strengthening portfolio resilience.

Commitment to Sustainability: Advancing ESG and Long-Term Value Creation

At the Group level, we continue to advance our ESG agenda in alignment with the United Nations Sustainable Development Goals (UNSDGs).

We continue to integrate sustainability across our operations by promoting responsible environmental practices, supporting social inclusion, and upholding strong governance standards. Through these efforts, we aim to create lasting positive impact while contributing to the well-being of the communities in which we operate.

Our approach to sustainability is closely linked to our long-term strategy, supporting resilient growth, enhancing stakeholder value, and reinforcing our commitment to responsible business practices across all markets.

Outlook for 2026–2027: Optimizing Shareholder Value through Strategic Initiatives

Looking ahead to 2026–2027, our focus is on enhancing shareholder value through disciplined portfolio management and strategic capital allocation.

A key priority is the continued optimization of our asset base, including the selective divestment of non-core assets that no longer align with our long-term strategic objectives. This approach allows us to streamline our portfolio, improve capital efficiency, and redeploy resources toward higher-growth opportunities.

In parallel, we are actively pursuing selective investment opportunities across sectors and markets that align with our vision for sustainable, long-term value creation. we are also advancing restructuring initiatives to enhance operational performance, strengthen our balance sheet, and unlock additional value across our existing assets.

Through these efforts, we aim to position NREC for greater resilience, improved returns, and continued growth in an evolving global landscape.

Acknowledgment and Appreciation to Stakeholders

I would like to extend my sincere appreciation to our shareholders for their continued support and confidence in the Company's strategy, which continue to support our growth and long-term success.

I am also grateful to our broader stakeholder community for their ongoing trust in the management team. Your support has been essential in enabling us to advance our objectives.

I would like to recognize and thank NREC's dedicated employees for their commitment and contributions, which continue to play a vital role in the Company's progress.

We reaffirm our deep-rooted commitment to the State of Kuwait, which remains central to our identity and strategic direction. In light of ongoing regional developments, we take pride in contributing to the resilience of the national economy and in upholding our responsibility as a Kuwaiti company. NREC remains dedicated to supporting the continued progress, stability, and prosperity of Kuwait, while continuing to create sustainable value for all stakeholders.

In closing, we express 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 commitment to maintaining stability and security in the State of Kuwait.

Sincerely,,

Faisal Jamil Sultan Al-Essa

Vice Chairman and CEO

BOARD OF DIRECTORS

Mr. HASSAN BASSAM AL-HOURY
Chairman - Independent

Mr. FAISAL JAMIL SULTAN AL-ESSA
Vice Chairman - Executive

Mr. MOHAMED HAMAD ABDULAZIZ ALMUTAWAA
Director - Non-Executive

Mr. TAREK ABDUL-AZIZ SULTAN AL ESSA
Director - Non Executive

Mr. BADER ABDULMOHSEN EL-JEAAN
Director - Non Executive

Mr. CHRISTOPHER MICHAEL GORDON
Director - Independent

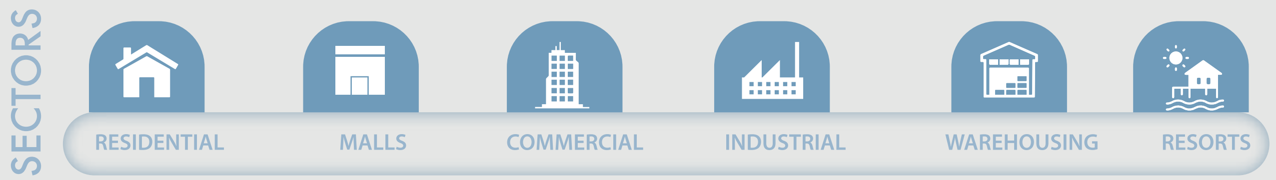
NREC IN BRIEF

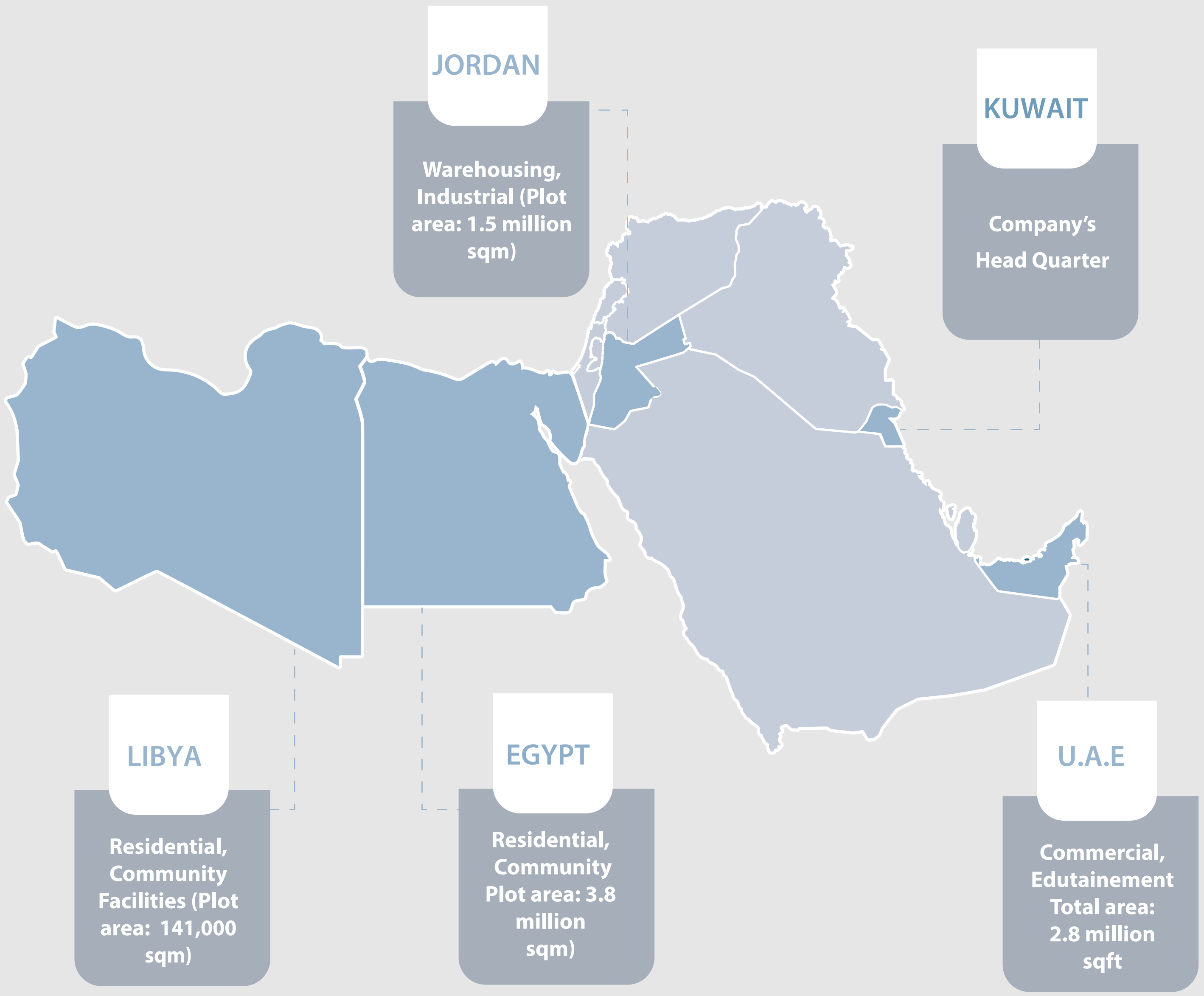
Established in 1973 and listed on Boursa Kuwait, National Real Estate Company (NREC) is a real estate investment, development, and property management company based in the Middle East and North Africa.

The Company's portfolio comprises a mix of retail, commercial, and residential properties across the region. In addition to its core real estate business, NREC is the largest shareholder, with a 22.3% stake in Makhazen Company (formerly Agility Public Warehousing Company K.S.C.P.).

NREC also maintains a core strategic investment in Agility Global PLC, a leading global logistics and infrastructure platform listed on the Abu Dhabi Securities Exchange (ADX). Through a direct stake of approximately 18.5% via NREC Global Limited, alongside an indirect interest through Makhazen Company, NREC gains exposure to high-growth global supply chain, aviation services, and infrastructure segments.

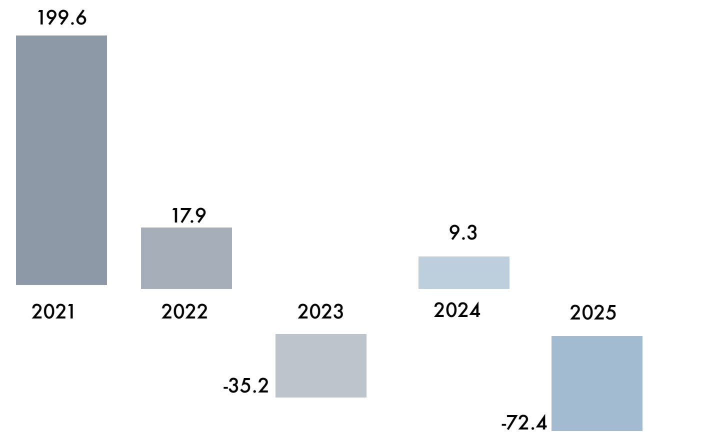
This investment supports portfolio diversification, provides access to scalable international platforms, and positions NREC to benefit from long-term growth in global trade and logistics while reinforcing alignment with a leading regional operator.



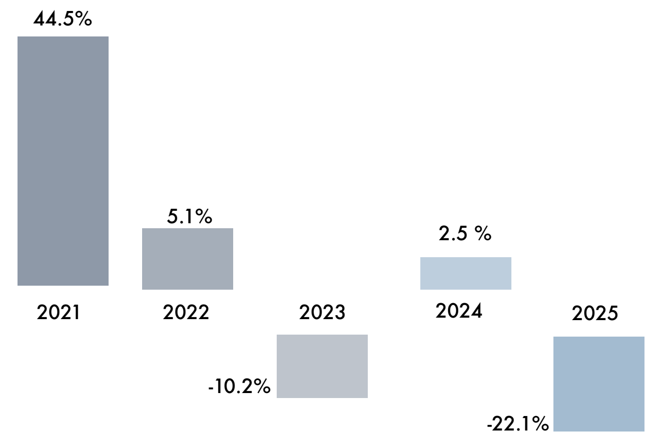


2025 FINANCIAL HIGHLIGHTS

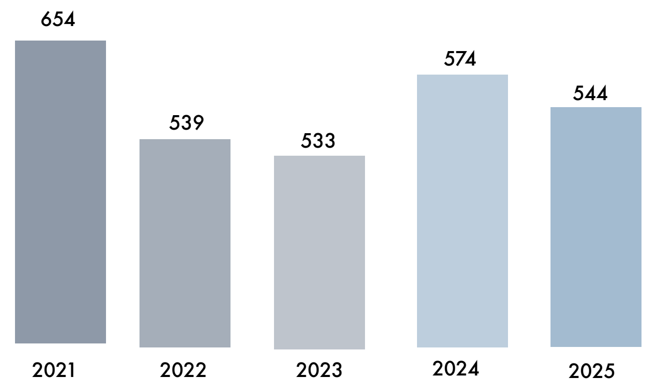
SHAREHOLDERS' EQUITY	TOTAL ASSETS	NET DEBT TO EQUITY
KD 328 MILLION	KD 544 MILLION	0.41



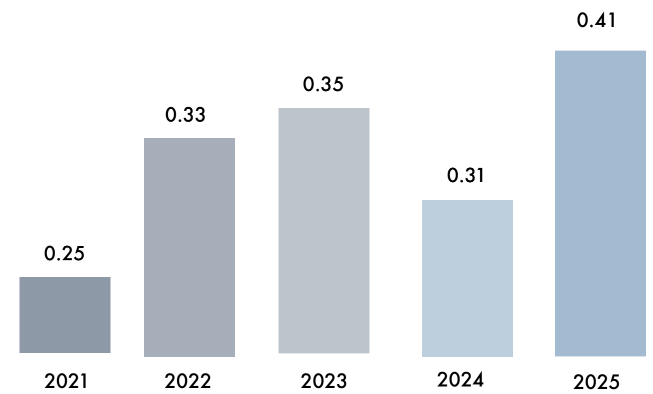
NET PROFIT (KD million)



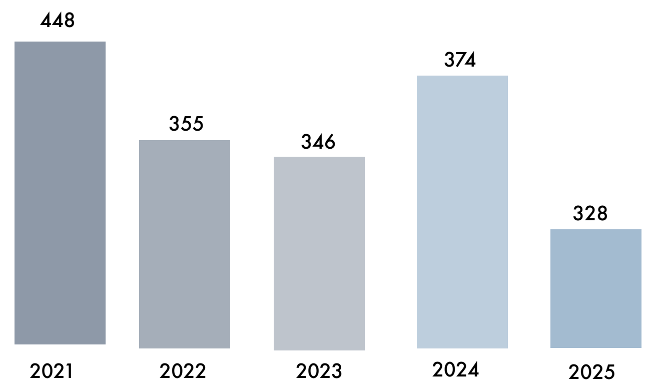
RETURN ON EQUITY (%)



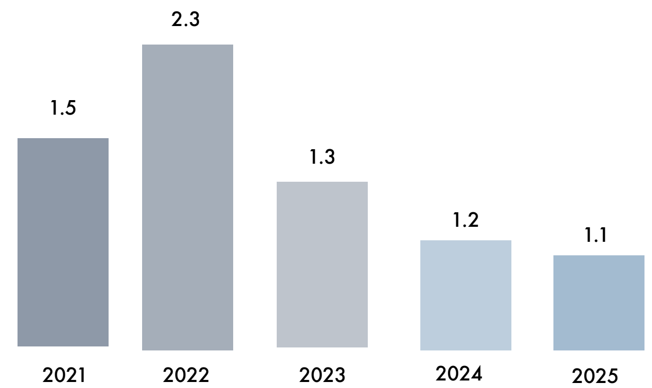
TOTAL ASSETS (KD million)



NET DEBT TO EQUITY (Ratio)



SHAREHOLDERS' EQUITY (KD million)



CURRENT RATIO (Ratio)

KEY PORTFOLIO DEVELOPMENTS

REEM MALL

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

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 Damiani 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

Asset Type: Residential, Community **Plot Area:** 3.8 million sqm
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.

KEY PORTFOLIO DEVELOPMENTS

South Aqaba Investment Park

Aqaba – Jordan

Asset Type: Industrial, Warehouses **Total Area:** 1.5 million sqm

South Aqaba Investment Park is a strategically positioned, master-planned industrial and logistics hub located within the Aqaba Special Economic Zone (ASEZ), offering investors a highly competitive and business-friendly environment at the crossroads of Asia, Europe, and Africa. Spanning over 1.5 million sqm of strategically planned industrial land, the park reflects phased delivery and long-term development discipline from groundbreaking through full operational activation. Designed to accommodate light and medium industries, warehousing, and logistics operations, the park provides fully serviced plots supported by pre-installed utilities and modular configurations that enable accelerated facility deployment and operational scalability.
Centralized zone management streamlines tenant onboarding while ensuring full alignment with ASEZ regulations. Reliable utilities, infrastructure readiness, and structured quality and safety protocols support uninterrupted industrial operations within a stable, compliance-driven operating environment. Benefiting from direct access to Aqaba Port, King Hussein International Airport, and regional highway networks, the park serves as a key gateway for regional and international trade.
The development has attracted significant investment, generated over 3,000 jobs, and strengthened export capacity, reinforcing Aqaba's role as a strategic regional logistics and trade gateway. The next phase of development includes more than 20 additional serviced plots, aligned with rising investor demand and designed to expand industrial capacity while supporting long-term economic sustainability. Through its integrated ecosystem, regulatory alignment, and scalable infrastructure platform, South Aqaba Investment Park continues to play a pivotal role in strengthening supply chains, advancing industrial diversification, and driving sustainable economic growth in Jordan.

Palm City Residences – Libya

Asset Type: Residential **Plot Area:** 141.000 sqm

Palm City Residences in Tripoli is a purpose-built, gated residential compound spanning approximately 141,000 sqm and delivering 413 fully serviced premium units. Developed through phased milestones from groundbreaking to structural completion and handover, the project has evolved into one of the leading international residential compounds in Libya. Designed to balance privacy, spatial efficiency, and community integration, the compound features durable low- to mid-rise residential clusters, landscaped communal areas, and engineered infrastructure built for long-term performance.
A centralized compound management model ensures seamless operations, efficient tenant relations, and uninterrupted service delivery. Dedicated on-site teams oversee maintenance, landscaping, infrastructure, and 24/7 security, maintaining operational continuity to international standards. Structured quality controls, safety protocols, and regulatory compliance frameworks further safeguard consistent service levels while preserving long-term asset performance.
Palm City Residences plays a critical role in supporting business continuity in Tripoli by providing secure, professionally managed accommodation for multinational corporations, NGOs, diplomatic missions, and international organizations. With its resilient operational platform and stable occupancy base, the development continues to generate long-term value while reinforcing its position as a trusted residential anchor for the international community in Libya.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Reem Mall
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GRAND HEIGHTS


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Reem Mall

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. Integrity, transparency, and accountability form the foundation of our governance framework and decision-making processes. The Company recognizes its corporate responsibilities as a publicly traded entity and is dedicated to maximizing value for all stakeholders through sustainable growth, prudent risk management, and long-term strategic planning.

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. This integrated approach ensures that our business objectives are aligned with broader societal needs and sustainable development priorities.

SOCIAL RESPONSIBILITY

At our company, social responsibility extends beyond mere compliance with regulations. We view it as a strategic pillar that shapes our culture, operations, and stakeholder relationships. We prioritize the development of an inclusive organizational culture where every individual feels valued, respected, and empowered to contribute to our collective success. We actively promote diversity, equity, and equal opportunity across all levels of the organization. Through group-level collaboration and teamwork, we strive to create a dynamic and fulfilling work environment that fosters innovation, creativity, and personal growth. Employee well-being, professional development, and open communication remain central to our people strategy. 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. Our community engagement efforts focus on long-term partnerships and measurable impact, ensuring that our contributions create sustainable and lasting benefits.

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. Environmental stewardship is embedded within our operational planning, project development, and asset management practices.

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. We continuously seek opportunities to improve resource efficiency, reduce environmental impact, and integrate responsible design principles into our developments.

NREC's general approach to corporate responsibility closely aligns with the United Nations Sustainable Development Goals (UNSDGs). Through this alignment, we reinforce our commitment to contributing to global sustainability priorities while delivering responsible value to our stakeholders.

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

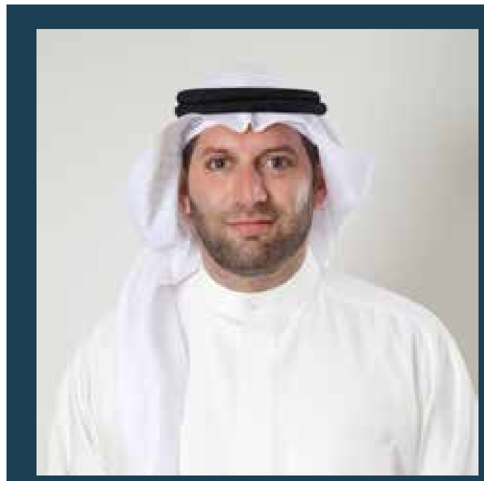
NREC is a signatory of WEPs (Women's Empowerment Principles).

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, embedding these principles into its governance framework, workplace culture, and human capital strategy. The Company ensures 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—reinforcing a culture where well-being is prioritized alongside performance.

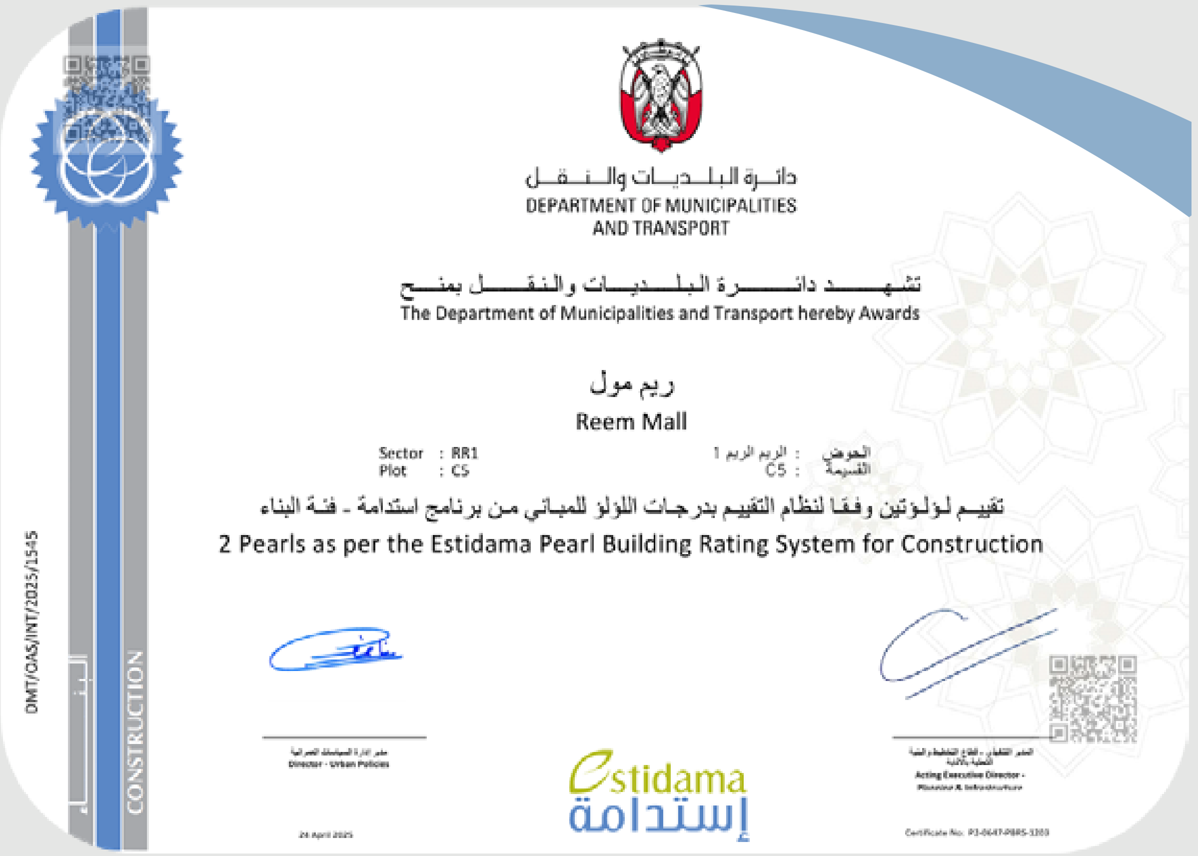
The Company offers flexible work arrangements such as remote work and adjustable hours, allowing employees to manage their health needs without compromising their professional responsibilities. Where appropriate, individualized work plans are developed in coordination with leadership and HR to ensure continuity, dignity, and balance. 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 fosters strong emotional support by cultivating an inclusive environment where open communication, empathy, and psychological safety are 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, discretion, and understanding. Regular check-ins and supportive dialogue help ensure that employees feel heard, respected, and valued throughout their recovery journey. This creates an environment where employees feel supported, knowing that their well-being remains a priority.

Financially, NREC supports its employees through comprehensive and competitive benefits packages that include medical coverage, extended sick leave, and additional financial assistance options to help manage healthcare-related costs. These structured benefits are designed to reduce financial uncertainty and provide stability during periods of medical vulnerability. This commitment extends beyond standard provisions, as NREC strives to safeguard employees' financial security during challenging 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 institutionalizing these values through formal policies, leadership accountability, and inclusive practices, NREC ensures that every employee, regardless of personal circumstances, has the opportunity to thrive within a respectful and equitable workplace.

This holistic approach to care and inclusion is central to NREC's mission of not only supporting employees during critical times but also strengthening organizational resilience, engagement, and long-term sustainable growth.


دائـرة البلـديـات والـنـقـل
DEPARTMENT OF MUNICIPALITIES AND TRANSPORT

تشهـد دائـرة البلـديـات والنـقـل بمنـح
The Department of Municipalities and Transport hereby Awards

ريم مول
Reem Mall

Sector : RR1 — الحوض : الريم الريم 1
Plot : C5 — القسيمة : C5

تقييم لؤلؤتين وفقا لنظام التقييم بدرجات اللؤلؤ للمباني من برنامج استدامة - فئة البناء
2 Pearls as per the Estidama Pearl Building Rating System for Construction

Director - Urban Policies
24 April 2025

Acting Executive Director - Planning & Infrastructure

Certificate No. P3-0647-PBRS-1303

Embracing the UN Sustainable Development Goals: Company Initiatives in Action

At the group level, National Real Estate Company (NREC) continues to undertake a range of impactful initiatives that align closely with the United Nations Sustainable Development Goals (UNSDGs), reflecting its commitment to sustainable development and meaningful social progress. From promoting environmental stewardship to advancing social inclusion and economic empowerment, these initiatives represent a collective effort to address some of today's most pressing challenges.

We are pleased to share a comprehensive overview of these initiatives, which demonstrate NREC's proactive approach to corporate responsibility and its close alignment with the UNSDGs. The table below highlights selected initiatives undertaken by our development on Reem Island, Abu Dhabi (Reem Mall), our subsidiary in Egypt (KUWADICO), the Company's joint venture in Libya (MIH), our subsidiary in Jordan (National Real Estate Company Jordan (NREC Jordan)), and National Real Estate Company at the Group level, demonstrating the Group's proactive approach to corporate responsibility across the markets in which it operates.

Contribution to UNSDGs	Accomplishment
1 NO POVERTY	• **Emirati Concept at Curate:** Reem Mall supported economic inclusion through the Emirati Concept at Curate, a platform designed to help Emirati women entrepreneurs launch, test, and grow their businesses with lower barriers to entry and stronger market visibility. • **University Partnership and Summer Training**: KUWADICO contributed indirectly through its university partnership and summer training initiatives, which supported employability, professional exposure, and pathways into the workforce for young people and women. • **Community Support Partnerships:** MIH supported vulnerable individuals and families through partnerships with the Malta Community Chest Fund Foundation, which provides assistance to people facing severe hardship, medical needs, and social vulnerability, and the Trust Foundation, which focuses on empowering children, youth, and vulnerable communities.
2 ZERO HUNGER	• **Farmers' Market Initiative:** Reem Mall supported more sustainable local food systems through its Farmers' Market initiative, which provided a platform for local farms, sustainable producers, and community-oriented food partners while promoting healthier living and food awareness.
3 GOOD HEALTH AND WELL-BEING	• **Community Wellness Events:** Reem Mall advanced health and well-being through the Reem Run Summer Series, AIR X Obstacle Race, and Pinktober Community Run, combining physical activity with broader wellness engagement, preventive care awareness, educational seminars, and access to on-site health screenings. • **Holistic Wellness Framework:** KUWADICO launched a Holistic Wellness Framework focused on both physical and psychological safety, including on-site health screening days, specialist consultations, and preventive check-ups, while also strengthening employee well-being through workshops on psychological safety, conflict resolution, and stress management. • **Mental Health and Employee Well-Being:** MIH supported health and well-being through partnerships with the Trust Foundation, which works with children, youth, and vulnerable communities through mental health and community initiatives, and through broader employee welfare initiatives that promote recognition, engagement, and team cohesion across operations.

Contribution to UNSDGs	Accomplishment
3 GOOD HEALTH AND WELL-BEING	• **Public Safety Awareness Visit:** National Real Estate Company Jordan contributed through a public safety awareness visit organized in coordination with Civil Defense for investors at the company complex, helping strengthen awareness of public safety procedures and emergency preparedness. • **AC Milan Soccer School in Kuwait:** National Real Estate Company, at the Group level, also supported youth development and healthy communities through its support of the AC Milan Soccer School in Kuwait in partnership with LOYAC. This initiative created meaningful opportunities for young athletes to participate in structured sport within a positive and professionally guided environment that promotes physical activity, healthy lifestyles, teamwork, discipline, and confidence-building, while also contributing to a healthier and more active community.
4 QUALITY EDUCATION	• **Community Learning and Public Education**: Reem Mall supported informal learning and public education through workshops, creative programming, children's development activities, family seminars, sustainability-focused sessions, and community knowledge-sharing initiatives. • **Leadership Development and Summer Training:** KUWADICO invested in education and capacity-building through leadership development initiatives and summer training programs that gave university students practical professional exposure and market-relevant skills. • **Education and Cultural Development Partnerships:** MIH supported access to education and cultural development through the Trust Foundation, which empowers children, youth, and vulnerable communities, and the BOV Joseph Calleja Foundation, which supports talented young Maltese singers and musicians who lack the financial means to pursue specialized music education. • **Safety Awareness Session:** National Real Estate Company Jordan contributed to community knowledge-sharing through its safety awareness session coordinated with Civil Defense, providing practical guidance on safety procedures within the company complex. • **Sport-Based Learning:** National Real Estate Company's support of the AC Milan Soccer School in Kuwait, in partnership with LOYAC, also contributed to broader youth development through sport-based learning. Beyond athletic training, the initiative helped young participants build important life skills such as discipline, teamwork, perseverance, communication, and self-confidence, supporting learning and personal development beyond the traditional classroom.
5 GENDER EQUALITY	• **Women's Empowerment Principles (WEPs):** 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. • **KWEEP Membership:** 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, and support women-owned and women-led businesses and start-ups. This initiative aligns with UNSDG 5 (Gender Equality), as well as Pillar No. 5 (Creative Human Capital) of Kuwait New Vision 2035.

Contribution to UNSDGs	Accomplishment
5 GENDER EQUALITY	• **Women-Led Entrepreneurship Platform:** Reem Mall supported women's economic participation through the Emirati Concept at Curate, which created a dedicated platform for women-led businesses and entrepreneurship. • **Youth and Women Empowerment:** KUWADICO advanced gender inclusion through strategic partnerships focused on empowering youth and women and supporting their integration into the professional workforce through civic engagement and community service programs. • **Girls' Participation in Sport:** Through its support of the AC Milan Soccer School in Kuwait in partnership with LOYAC, National Real Estate Company also contributed to promoting more inclusive access to sport and youth development opportunities. The initiative supports girls' participation in athletics and encourages broader community recognition of the importance of equal opportunity in sport, confidence-building, and personal development for young people.
6 CLEAN WATER AND SANITATION	• **Water Efficiency Measures:** Reem Mall improved water efficiency through the use of regulated tap systems and the reuse of greywater for landscape irrigation, supporting more responsible water management across the asset. • **Clean Water Partnership:** MIH contributed through support for Just a Drop, an international NGO that provides safe, clean water, sanitation, and hygiene programs to communities worldwide.
7 AFFORDABLE AND CLEAN ENERGY	• **Energy Management and Solar Feasibility:** Reem Mall strengthened energy stewardship through smart monitoring and energy management systems, targeted lighting optimization, operational energy-saving measures, and ongoing feasibility work related to rooftop solar installation. • **Sustainable Hotel Operations:** MIH supported this goal through sustainable hotel operations, including energy-efficient systems, renewable energy investments, and water-saving measures across properties.
8 DECENT WORK AND ECONOMIC GROWTH	• **Retail and Tourism Activation:** Reem Mall supported local commerce and economic vitality through retailer partnerships, tourism collaborations, entrepreneurship platforms, and destination activations that increased footfall and commercial participation. • **Workplace Development and Recognition:** KUWADICO strengthened decent work through a formal Hybrid Work Policy, leadership development initiatives, positive work environment workshops, stress management training, and an Employee Recognition Initiative designed to value performance, dedication, and contribution. • **Employee Welfare and Engagement:** MIH promoted employee welfare through long-service recognition, employee celebrations, team-building activities, and a structured culture of respect, engagement, and well-being led by the Corinthia Social Committee. • **Investment and Logistics Sector Engagement:** National Real Estate Company Jordan contributed to economic growth through participation in JIFEX 2025, supporting national efforts to advance the transport and logistics sector and strengthen the investment environment, as well as through engagement with senior economic and investment officials regarding the future development of the South Aqaba Investment Park.

Contribution to UNSDGs	Accomplishment
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• **EV Charging Infrastructure:** Reem Mall invested in more sustainable and forward-looking infrastructure through the installation of 44 Loop EV charging stations, establishing the largest in-mall EV charging network in the UAE and reinforcing its role as a retail destination aligned with low-carbon mobility. • **Organizational Systems and Workforce Capability:** KUWADICO contributed through investment in organizational systems and future-ready workforce capability, including leadership development and modern work practices that support operational resilience and long-term productivity. • **Infrastructure and Investment Visibility:** National Real Estate Company Jordan supported infrastructure and investment visibility through its engagement with public-sector stakeholders in Aqaba and its participation in JIFEX 2025, reflecting an active role in discussions around logistics, investment, and future development planning for the South Aqaba Investment Complex.
10 REDUCED INEQUALITIES	• **Inclusive Community Programming:** Reem Mall promoted inclusion through broad-based community programming, family-oriented events, social welfare partnerships, and initiatives designed to engage diverse groups within the wider community. • **Empowerment and Supportive Workplace Culture:** KUWADICO contributed through programs centered on youth and women empowerment, alongside internal initiatives that promote psychological safety, mutual respect, and a more supportive workplace culture. • **Support for Vulnerable Communities:** MIH supported vulnerable groups through partnerships with the Malta Community Chest Fund Foundation and the Trust Foundation, both of which serve individuals, families, children, youth, and communities facing hardship or vulnerability.
11 SUSTAINABLE CITIES AND COMMUNITIES	• **Sustainable Urban Development:** Reem Mall contributed to sustainable urban development through its 2 Pearl Estidama Design & Construction Rating, support for green mobility infrastructure, community-centered programming, environmental awareness campaigns, and accessible destination experiences. • **Cultural Preservation and Community Development:** MIH supported sustainable communities through cultural preservation and community development, including partnerships with Federazzjoni Patrimonju Malti, which preserves and promotes Maltese cultural patrimony through exhibitions, publications, and public events, and Din l-Art Ħelwa, Malta's National Trust, which protects cultural sites, natural landscapes, and architectural heritage. • **Place-Based Development:** National Real Estate Company Jordan supported place-based development through engagement with the Aqaba Special Economic Zone Authority and partners involved in shaping the future plans of the South Aqaba Investment Complex.

Contribution to UNSDGs	Accomplishment
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• **Waste Management and Sustainable Consumption:** Reem Mall promoted responsible consumption through waste segregation, recycling, sustainability awareness efforts, eco-conscious community activations, and support for sustainable local producers. • **Responsible Operational Practices:** MIH advanced responsible operations through commitments to waste reduction and recycling programs, water-saving measures, and more sustainable use of resources across properties. • **Industrial Waste Exchange Platform:** National Real Estate Company Jordan contributed through participation in a sustainability-focused workshop organized with GIZ and GAIN to support the launch of an industrial waste exchange platform, aligning with circular economy principles and more efficient resource use.
13 CLIMATE ACTION	• **Decarbonization and Energy Efficiency:** Reem Mall supported climate action through energy-saving measures, EV charging infrastructure, operational efficiency improvements, and its ongoing exploration of renewable energy solutions as part of a longer-term decarbonization pathway. • **Environmentally Responsible Operations:** MIH contributed through environmentally responsible operations, including energy-efficient systems, renewable energy investments, waste reduction, recycling, and water-saving measures across its properties. • **Circular Economy Participation:** National Real Estate Company Jordan supported climate-related action indirectly through its participation in circular economy and industrial waste exchange initiatives, which help advance more resource-efficient and sustainability-oriented business practices.
15 LIFE ON LAND	• **Biodiversity and Environmental Stewardship:** Reem Mall supported biodiversity and environmental stewardship through tree-planting awareness initiatives, local clean-up efforts, and sustainability messaging linked to greener living. • **Land and Heritage Protection:** MIH supported land and heritage protection through Din l-Art Ħelwa, Malta's National Trust, which protects natural landscapes, cultural sites, and architectural heritage.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• **Institutional Collaboration and Civic Responsibility:** Reem Mall supported institutional collaboration and civic responsibility through partnerships with public entities and awareness-driven community initiatives. • **Responsible Workplace Culture:** KUWADICO contributed internally through workplace practices that reinforce psychological safety, mutual respect, conflict resolution, and responsible organizational culture. • **Governance and Community Accountability:** MIH reflected this goal through a CSR framework grounded in responsible governance, structured partnerships, and long-term community accountability. • **Public-Sector Coordination:** National Real Estate Company Jordan strengthened institutional engagement through active coordination with Civil Defense, Aqaba Customs, and public-sector stakeholders in support of safety, economic coordination, and orderly development.

Contribution to UNSDGs	Accomplishment
17 PARTNERSHIPS FOR THE GOALS	• **Stakeholder Partnerships:** Reem Mall delivered impact through partnerships with retailers, healthcare providers, tourism bodies, community groups, and government stakeholders across sustainability, culture, wellness, and entrepreneurship initiatives. • **Healthcare and Academic Collaboration:** KUWADICO demonstrated strong partnership-led delivery through collaboration with healthcare and academic partners on employee wellness, youth development, and community capacity-building. • **Multi-Stakeholder Partnership Model:** MIH demonstrated a strong multi-stakeholder partnership model through its support for the Malta Community Chest Fund Foundation, the Trust Foundation, Just a Drop, Federazzjoni Patrimonju Malti, the BOV Joseph Calleja Foundation, and Din l-Art Ħelwa, spanning social support, youth empowerment, clean water, heritage preservation, arts education, and environmental stewardship. • **Cross-Sector Collaboration:** National Real Estate Company Jordan advanced this goal through collaboration with Civil Defense, Aqaba Customs, ASEZA, GIZ, GAIN, and sector stakeholders engaged through JIFEX 2025 and related investment and development discussions. • **LOYAC Partnership:** National Real Estate Company's support of the AC Milan Soccer School in Kuwait also reflects the value of partnership-led community impact. Delivered in collaboration with LOYAC, the initiative demonstrates how cross-sector partnerships can create meaningful social value by advancing youth development, healthier communities, and more inclusive participation through sport.

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 2025

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
12. Anti-Fraud 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	May 25, 2025
Mr. Faisal Jamil Sultan Al Essa	Vice Chairman	Executive	Bachelor in Business Administration	May 25, 2025
Mr. Mohamed Hamad Abdulaziz Al Mutawaa	Director	Non-Executive	Bachelor of Arts degree in Business Administration	May 25, 2025
Mr. Tarek Abdul-Aziz Sultan Al Essa	Director	Non-Executive	Master in Business Administration	May 25, 2025
Mr. Bader Abdulmohsen El Jeaan	Director	Non-Executive	Master in Law	May 25, 2025
Mr. Christopher Michael Gordon	Director	Independent	Master in Civil Engineering	May 25, 2025
Mrs. Angie Samir Ahmed	Board Secretary	Board Secretary	Bachelor in Law	November 13th, 2017

Details of the Board of Directors' Meetings:

Board member name	27 Mar 2025	15 May 2025	4 June 2025	14 Aug 2025	13 Nov 2025	11 Dec 2025	No. of attendances	No. of absences
Mr. Hassan Bassam Al Houry	✓	✓	✓	✓	✓	✓	6	0
Mr. Faisal Jamil Sultan Al Essa	✓	✓	✓	✓	✓	✓	6	0
Mr. Mohamed Hamad Abdulaziz Al Mutawaa	-	-	✓	✓	✓	✓	4	0
Mr. Tarek Abdul-Aziz Sultan Al Essa	✓	✓	✓	✓	✓	✓	6	0
Mr. Bader Abdulmohsen El Jeean	✓	✓	✓	-	✓	✓	5	1
Mr. Christopher Michael Gordon	✓	✓	✓	✓	✓	✓	6	0
* Mr. Ehab Fekry Aziz	✓	✓	-	-	-	-	-	-

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

* Mr. Ehab Aziz served as a member of the Board of Directors until the periodic Board of Directors elections held on May 25, 2025.

The Board meetings during the financial year of 2025 were convened (6) 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, (3) resolutions were also made by circulation during 2025, as per the following:

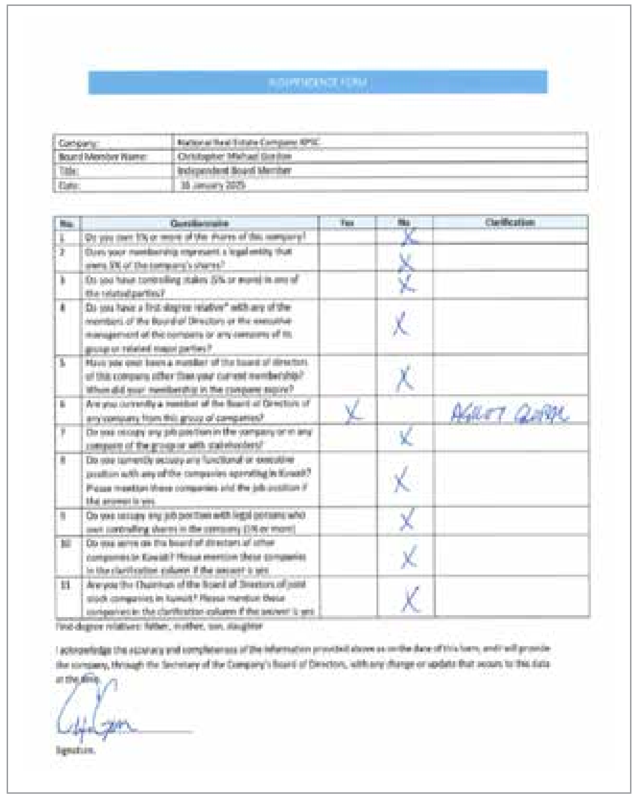
Resolution Number	Date
(1/2025)	11 March 2025
(4/2025)	26 May 2025
(7/2025)	3 November 2025

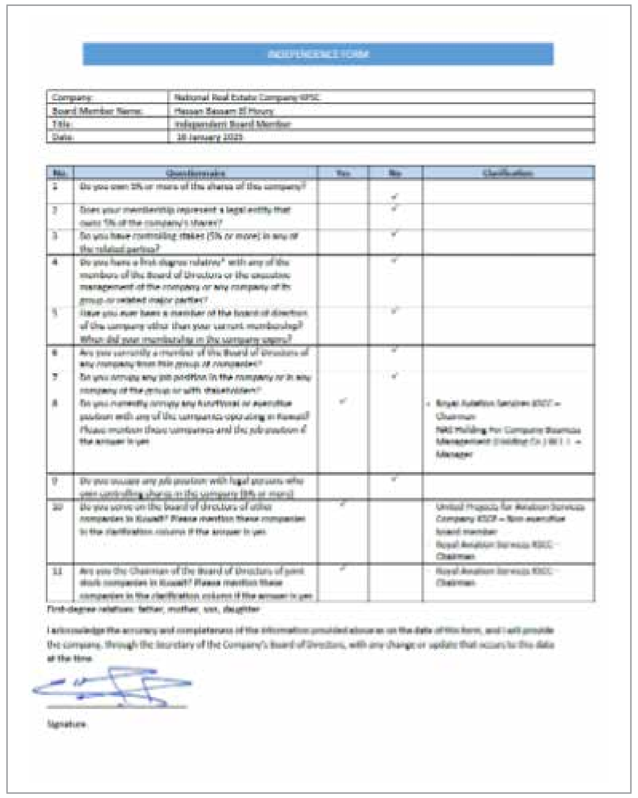
A brief on implementing the requirements to register, coordinate and archive the minutes of the Board of Director meetings:

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:





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 2025:

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 2024.
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 26, 2025	Period: 3 years	Members: 3
	Members	Role	Classification
Committee Members	Mr. Mohamed Hamad Abdulaziz Al Mutawaa	Chairman	Non-executive
	Mr. Christopher Michael Gordon	Member	Independent
	Mr. Bader Abdulmohsen El Jeean	Member	Non-executive

The Committee held 6 meetings during 2025, as per the following:							
Name	Meeting No.(1) held on 27/3/2025	Meeting No.(2) held on 15/5/2025	Meeting No.(3) held on 4/6/2025	Meeting No.(4) held on 14/8/2025	Meeting No.(5) held on 13/11/2025	Meeting No.(6) held on 11/12/2025	Number of Meetings
Mr. Mohamed Hamad Abdulaziz Al Mutawaa	-	-	✓	✓	✓	✓	4/6
Mr. Christopher Michael Gordon	✓	✓	✓	✓	✓	✓	6/6
Mr. Bader Abdulmohsen El Jeean	✓	✓	✓	-	✓	✓	5/6
* Ehab Fekry Aziz	✓	✓	-	-	-	-	2/6

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. • Reviewed the Quality Assurance 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

Mr. Ehab Fikry Aziz served as a Board member and Chairman of the Audit Committee until the periodic Board of Directors elections held on May 25, 2025. Following the election results, the Audit Committee was formed on May 26, 2025, and Mr. Mohammed Hamad Abdul Aziz Al Mutawa was appointed Chairman of the Audit Committee

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 26, 2025	Period: 3 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

The Committee held 6 meetings during 2025, as per the following:							
Name	Meeting No.(1) held on 27/3/2025	Meeting No.(2) held on 15/5/2025	Meeting No.(3) held on 4/6/2025	Meeting No.(4) held on 14/8/2025	Meeting No.(5) held on 13/11/2025	Meeting No.(6) held on 11/12/2025	Number of Meetings
Mr. Bader Abdulmohsen El Jeean	✓	✓	✓	-	✓	✓	5/6
Mr. Christopher Michael Gordon	✓	✓	✓	✓	✓	✓	6/6
Mr. Faisal Jamil Sultan Al Essa	✓	✓	✓	✓	✓	✓	6/6

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 with the related parties that the company intends to enter into it and submit its recommendations to the Board of Directors. • Reviewed the independent Assets evaluator on the related parties' transactions

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.

Nominations and Remuneration Committee	Formed: on May 26, 2025	Period: 3 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

The Committee held 4 meetings during 2025, as per the following:					
Name	Meeting No.(1) held on 27/3/2025	Meeting No.(2) held on 4/5/2025	Meeting No.(3) held on 25/5/2025	Meeting No.(4) held on 26/5/2025	Number of Meetings
Mr. Christopher Michael Gordon	✓	✓	✓	✓	4/4
Mr. Bader Abdulmohsen El Jeean	✓	✓	✓	✓	4/4
Mr. Tarek Abdul-Aziz Sultan Al-Essa	✓	✓	✓	✓	4/4

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. • Recommended the Board of Directors and Committees Formations • Reviewed the names of candidates for board membership and ensured that all candidates met the standards of legal integrity.

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 26 May 2025. 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 4 meetings during 2025.

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			500,000			27,625	

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	Transportation Allowance	Children's Education Allowance	Annual Remuneration	Special Remuneration	Total Monthly Salaries for the Year	Medical Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children's Education Allowance	Annual Remuneration
7	616,874	8,248	8,358		3,600		390,000	230,000	152,096	625			1,300		34,388

*There was no material deviation from the remuneration policy approved by the Board during the year 2025.

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 26 May 2025. 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 six meetings during 2025.

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 appointed as the external auditor for the year 2025 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 26 May 2025. 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.

Also, the company appointed Al Madar company as independent external auditor to issue the quality assurance report on the internal audit unit for the last 3 years.

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 2025. 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, in order to confront and limit the outbreak of the Corona virus. 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:

or details about the Company's efforts in the field of social work, please refer to the "The Approach to Corporate Responsibility section" of this report.

AUDIT
COMMITTEE
REPORT
2025

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, 2025

During the financial year ended December 31, 2025, 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	
			27 Mar 2025	15 May 2025	4 June 2025	14 Aug 2025	13 Nov 2025	11 Dec 2025	
1	Mr. Mohamed Hamad Abdulaziz Al Mutawaa	Chairman	-	-	✓	✓	✓	✓	4
2	Mr. Christopher Michael Gordon	Member	✓	✓	✓	✓	-	-	6
3	Mr. Bader Abdulmohsen El Jeean	Member	✓	✓	✓	-	✓	✓	5
*	Mr. Ehab Fekry Aziz		✓	✓	-	-	-	-	**2**

**Mr. Ehab Fekry Aziz served as a Board and Committee Member until the periodic Board of Directors election held on 25 May 2025, following the election results the Board was formed on 26 May 2025 and Mr. Mohamed Hamad Abdulaziz Al Mutawaa was appointed as the chairman of the Audit Committee*.

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, 2025 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, 2025 and recommended the 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 for the financial year ended December 31, 2024 and the Quality Assurance Report for the last 3 years issued by the independent external auditors 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 2025

Al Khaled Tower, 14th Floor
Abdulaziz Al Saqer St, Qibla, Kuwait
+ 965 22474601
Info@sballinial.com
www.sballinial.com

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 signed engagement letter, 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 2025. 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 2025, 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.

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

سليمان عبدالرحمن البسام

Kuwait 16th February 2026

SULAIMAN ALBASSAM & PARTNERS

ASSURANCE, TAX AND CONSULTING

Sulaiman Al Bassam and Partners is an independent member firm of the Allinial Global network, the members of which are separate and independent legal entities.

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, 2025, 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, 2025, 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 stated in Note (9 – c/1) to the consolidated financial statements, the Associate Company has investment properties amounting to KD 214,026 thousand as at 31 December 2025 (2024: KD 280,293 thousand) that are leased from the Public Authority for Industry, Kuwait ("PAI"), of which properties amounting to KD 192,637 thousand (2024: KD 258,355 thousand) relate to lease contracts that had expired as at the reporting date and are subject to ongoing legal disputes. As at 31 December 2025, the Associate Company had not established enforceable lease rights over these properties, and reliable independent valuation evidence could not be obtained due to the legal uncertainty surrounding the Associate Company's rights. Accordingly, we were unable to obtain sufficient appropriate audit evidence regarding the rights and valuation of these investment properties and were therefore unable to determine whether any adjustments to their carrying values were necessary.

2 - As stated in Note (9 – c/2) to the consolidated financial statements, the Associate Company has recognised a legal claim receivable amounting to KD 64,488 thousand from the General Administration of Customs for Kuwait ("GAC") pursuant to a final judgment issued by the Court of Cassation. The Associate Company did not provide sufficient appropriate audit evidence to support the recoverability of this receivable as at 31 December 2025. In addition, while the Associate Company is legally entitled to interest of 7% per annum on the awarded compensation, the enforceable basis for determining the interest amount remains legally indeterminate as at the reporting date. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether any adjustments to the carrying value of the legal claim receivable, including related interest, were necessary.

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) as applicable to audits of financial statements of public interest entities, 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.

RSM
RSM Albazie & Co.

Emphasis of Matter

We draw attention to Note 9 (c) to the consolidated financial statements, which describes the legal cases of the Associate Company. 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 6.02% 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 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 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 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 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 included in the Group's annual report for the year ended December 31, 2025

Management is responsible for the other information. "Other information" consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditors' report thereon. We

RSM
RSM Albazie & Co.

obtained the consolidated financial statements included in the report of the Parent Company's Board of Directors prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Group's 2025 Annual Report after the date of our auditors' report.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards (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.

- 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, 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit, 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, 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
March 30, 2026

Nayef M. Al Bazie
License No. 91-A
RSM Albazie & Co.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

	Notes	2025	2024
ASSETS:			
Cash and cash equivalents	3	**19,146,129**	25,132,584
Accounts receivable and other debit balances	4	**9,002,085**	9,384,625
Financial assets at fair value through profit or loss ("FVPL")	5	**24,174,363**	21,250,920
Inventory properties	6	**3,905,763**	3,992,345
Financial assets at fair value through other comprehensive income ("FVOCI")	7	**4,506,993**	5,964,815
Investment in joint ventures	8	**26,791,103**	30,356,565
Investment in an associates	9	**412,820,718**	436,069,192
Properties under development	11	**32,751,475**	31,331,711
Property and equipment		**636,646**	775,874
Right of use assets		**2,445,406**	2,631,853
Investment properties	12	**7,446,225**	7,117,361
Total assets		**543,626,906**	574,007,845
LIABILITIES AND EQUITY			
Liabilities:			
Bank borrowings	13	**153,879,858**	142,348,986
Lease liabilities		**744,950**	849,910
Accounts payable and other credit balances	14	**56,870,227**	52,474,093
Provision for end of service benefits	15	**1,095,381**	955,844
Total liabilities		**212,590,416**	196,628,833
Equity:			
Share capital	16	**218,436,335**	208,034,605
Share premium		**5,266,764**	5,266,764
Treasury shares	17	**(10,712,250)**	(10,316,727)
Statutory reserve	18	**72,169,682**	72,169,682
Reserves		**(75,842,248)**	(102,264,429)
Retained earnings		**118,186,077**	200,968,820
Equity attributable to shareholders of the Parent Company		**327,504,360**	373,858,715
Non-controlling interests	10	**3,532,130**	3,520,297
Total equity		**331,036,490**	377,379,012
Total liabilities and equity		**543,626,906**	574,007,845

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, 2025
(All amounts are in Kuwaiti Dinars)

	Notes	2025	2024
Sale of inventory properties		**2,414,707**	4,693,564
Net Rental income		**1,123,899**	1,081,750
		3,538,606	5,775,314
Cost of inventory properties sold		**(1,011,552)**	(1,831,686)
Gross profit		**2,527,054**	3,943,628
General and administrative expenses	21	**(7,285,050)**	(5,965,111)
Depreciation and amortization		**(330,318)**	(320,005)
Net Allowance for expected credit losses (charged) / no longer required	4	**(22,812)**	262,920
Net loss on financial assets	26	**-**	(207,643)
Share of results from a joint venture		**3,419,761**	2,240,255
Impairment loss on a joint venture	8	**(9,397,218)**	-
Share of results from associates	9	**(53,226,359)**	19,129,300
Change in fair value of investment properties	12	**(137,911)**	(89,985)
Interest income		**676,031**	401,376
Finance charges	22	**(8,363,381)**	(9,329,845)
Net other income		**195,080**	377,309
(Loss) profit for the year before taxation		**(71,945,123)**	10,442,199
Taxation on foreign subsidiaries		**(234,960)**	(611,733)
(Loss) profit for the year		**(72,180,083)**	9,830,466
Attributable to:			
Shareholders of the Parent Company		**(72,381,013)**	9,309,228
Non-controlling interests	10	**200,930**	521,238
(Loss) profit for the year		**(72,180,083)**	9,830,466
(Loss) earnings per share attributable to shareholders of the Parent Company (fills)	24	**(36.32)**	4.66

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, 2025
(All amounts are in Kuwaiti Dinars)

	Notes	2025	2024
(Loss) profit for the year		**(72,180,083)**	9,830,466
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Group's share of other comprehensive income from a joint venture	8	**(196,733)**	29,686
Group's share of other comprehensive income of associates	9	**20,382,746**	6,890,617
Change in fair value of debt instruments at FVOCI	20	**(1,225,291)**	293,630
Exchange difference on translation of foreign operations		**4,705,037**	(5,838,210)
Items that will not be reclassified subsequently to profit or loss:			
Group's share of other comprehensive income of an associates	9	**116,254,375**	40,425,614
Group's share of other reserves of an associate	9	**(3,612,066)**	(27,164,058)
Change in fair value of financial assets at fair value through other comprehensive income	20	**(1,063,560)**	224,720
Other comprehensive income for the year		**135,244,508**	14,861,999
Total comprehensive income for the year		**63,064,425**	24,692,465
Attributable to:			
Shareholders of the Parent Company		**62,785,029**	24,949,503
Non-controlling interests		**279,396**	(257,038)
Total comprehensive income for the year		**63,064,425**	24,692,465

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, 2025
(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	Groups's share of changes in other equity items of associates (Note 9)	Other reserves (Note 20)	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance as at January 1, 2024	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 28)	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
Total comprehensive income (loss) for the year	-	-	-	-	136,637,121	(3,612,066)	-	2,140,987	(72,381,013)	62,785,029	279,396	63,064,425
Purchase of treasury shares	-	-	(395,523)	-	-	-	-	-	-	(395,523)	-	(395,523)
Effect of changes in other equity items of an associate company (Note 9)	-	-	-	-	-	-	(108,743,861)	-	-	(108,743,861)	-	(108,743,861)
Cash dividends to Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(267,563)	(267,563)
Issuance of bonus shares (Note 28)	10,401,730	-	-	-	-	-		-	(10,401,730)	-	-	-
Balance as at December 31, 2025	**218,436,335**	**5,266,764**	**(10,712,250)**	**72,169,682**	**68,579,380**	**(19,996,547)**	**(108,743,861)**	**(15,681,220)**	**118,186,077**	**327,504,360**	**3,532,130**	**331,036,490**

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, 2025
(All amounts are in Kuwaiti Dinars)

	Notes	2025	2024
Cash flows from operating activities:			
(Loss) profit for the year before taxation		**(71,945,123)**	10,442,199
Adjustments:			
Interest income		**(676,031)**	(401,376)
Depreciation and amortization		**330,318**	320,005
Net allowance for expected credit losses charged / (No longer required)	4	**22,812**	(262,920)
Net loss on financial assets	25	**-**	207,643
Share of results from a joint venture	8	**(3,419,761)**	(2,240,255)
Impairment losses on a joint venture	8	**9,397,218**	-
Share of results from associates	9	**53,226,359**	(19,129,300)
Change in fair value of investment properties	12	**137,911**	89,985
Provision for employees' end of service benefits	15	**241,245**	110,341
Finance charges	22	**8,363,381**	9,329,845
		(4,321,671)	(1,533,833)
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**359,728**	3,796,370
Inventory properties		**881,520**	1,592,514
Properties under development	11	**(1,628,998)**	(1,808,105)
Accounts payable and other credit balances		**1,219,407**	(1,575,103)
Cash flows (used in) generated from operations		**(3,490,014)**	471,843
Taxes paid		**-**	(431,082)
Employees' end of service benefits paid	15	**(101,708)**	(28,869)
Net cash flows (used in) generated from operating activities		**(3,591,722)**	11,892
Cash flows from investing activities:			
Acquisition of financial assets at fair value through other comprehensive income ("FVOCI)		**(813,376)**	(818,108)
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 an associate		**(18,007,877)**	(7,654,746)
Paid for additions on property and equipment		**(27,345)**	(140,512)
Payment for additions on investment properties	12	**(484,679)**	(78,529)
Dividends received from associates	9	**12,232,792**	16,773,353
Dividends received from a joint venture	8	**1,932,960**	1,161,000
Interest income received		**676,031**	401,376
Net cash flows (used in) generated from investing activities		**(4,491,494)**	10,634,211
Cash flows from financing activities:			
Net movement in bank loans and borrowings		**11,530,872**	9,916,846
Payment of lease liabilities		**(224,456)**	(220,108)
Purchase of treasury shares		**(395,523)**	-
Proceeds from sale of treasury shares		**-**	2,609,579
Net movement of restricted cash		**36,405**	483,790
Finance charges paid		**(8,300,770)**	(7,164,240)
Dividends paid to Non- controlling interests		**(267,563)**	(425,018)
Net cash flows generated from financing activities-		**2,378,965**	5,200,849
Net (decrease) increase in cash and cash equivalents		**(5,704,251)**	15,846,952
Foreign currency translation adjustments		**(245,799)**	(34,847)
Cash and cash equivalents at beginning of the year		**25,034,044**	9,221,939
Cash and cash equivalents at end of the year	3	**19,083,994**	25,034,044

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

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 June 1, 2025 (Note 28). 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 for the year ended December 31, 2025 were authorized for issue by the Parent Company's Board of Directors on March 30, 2026 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 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, 2024.

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, 2025:

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.

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. The adoption of the above amendment did not have material impact on the disclosures or on the amounts reported in these 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.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The new standard, IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity is required to apply IFRS 19 for annual reporting periods beginning on or after 1 January 2027. 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.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The amendments are required to be applied retrospectively with specific transition provisions. The amendment are applicable 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.

b. Basis of consolidation

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

Name of subsidiary	Country of Incorporation	Percentage of holding (%)	
		2025	2024
• **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
• **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 Global Limited ADGM**	United Arab Emirates	**100**	100
• **Kuwaiti National Investment Holding Company LTD *****	United Arab Emirates	**100**	100
• **Kuwaiti National Real Estate Holding Company LTD ** , *****	United Arab Emirates	**100**	100

* 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 comparative year ended December 31, 2024, ownership of these companies was transferred from the National Real Estate Holding Company Limited (ADGM) to the Parent Company. There is no impact on the consolidated financial statements, as NREC Global Company Limited (ADGM) is wholly owned 100% by the Parent Company.

**** During the fiscal year ended December 31, 2025, the Parent Company had transferred its ownership in these companies to the NREC GLobal Limited (ADGM) in the United Arab Emirates. There is no impact on the consolidated financial statements, as NREC Global Company Limited (ADGM) is wholly owned 100% by 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. 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 30-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
- 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, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable, 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 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.

Debt instruments at FVOCI

The Group measures debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to consolidated statement of profit or loss.

The Group classifies investments in quoted and unquoted bonds as debt instruments at FVOCI and includes them under financial assets at FVOCI in the consolidated statement of financial position.

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 and unquoted 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 FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, 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.

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 FVTPL or at amortized cost using effective interest rate method.

Financial liabilities at FVPL

Financial liabilities are classified as at FVTPL 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 FVTPL 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.

However, for financial liabilities that are designated as at FVTPL, 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 FVTPL 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.

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.

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.

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.

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.

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, 2025.

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

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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, 2025.

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

When 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 earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

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.

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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 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

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3. Cash and cash equivalents

	2025	2024
Cash on hand and at banks (a)	**17,878,363**	23,039,388
Short term bank deposits and treasury bills (b)	**1,267,766**	2,093,196
	19,146,129	25,132,584

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

	2025	2024
Cash and bank balances	**19,146,129**	25,132,584
Less: restricted cash at banks (c)	**(62,135)**	(98,540)
Cash and cash equivalents as presented in the consolidated statement of cash flows	**19,083,994**	25,034,044

a. at banks includes an amount of KD 1,680,161 (2024: KD 1,226,120), representing maintenance deposits collected by a subsidiary from customers to cover future property maintenance costs. These amounts are held by the Group on behalf of property owners and have been recognized as credit balances (Note 14).

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b. The effective interest rate on short term bank deposits and treasury bills ranges from 3.5% - 4.5% (2024: 3.5% - 4.5%) per annum, these deposits have a contractual maturity of 90 days (2024: 90 days).

c. Restricted cash at banks includes an amount of KD 62,135 (2024: KD 98,540) that is restricted for the distribution of the remaining equity of a subsidiary that has been liquidated.

4. Accounts receivable and other debit balances

	2025	2024
Gross trade receivables (a)	**5,688,457**	5,377,586
Gross contract receivables (a)	**5,858,488**	6,755,114
	11,546,945	12,132,700
Less: Allowance for expected credit losses (b)	**(7,850,505)**	(7,827,693)
Net receivables	**3,696,440**	4,305,007
Advance payments to suppliers	**807,576**	808,591
Due from related parties (Note 25)	**683,554**	914,169
Staff receivables	**348,117**	305,495
Prepaid expenses	**79,981**	86,306
Other receivables	**3,386,417**	2,965,057
	9,002,085	9,384,625

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 over 365 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, 2025	**1,227,147**	**949,105**	**625,486**	**8,745,207**	**11,546,945**
Expected credit losses					**(7,850,505)**
Expected credit losses rate					**67.99%**

	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%

b) Allowance for expected credit losses

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

	2025	2024
Balance at the beginning of the year	**7,827,693**	8,090,613
Charge for the year	**31,292**	51,296
Provision no longer required	**(8,480)**	(314,216)
Balance at the end of the year	**7,850,505**	7,827,693

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 31)..

6. Inventory properties

	2025	2024
Balance at the beginning of the year	**3,992,345**	3,982,499
Disposals	**(881,520)**	(1,592,514)
Transfer from properties under development (Note 11)	**682,258**	1,821,158
Foreign currency translation adjustments	**112,680**	(218,798)
Balance at the end of the year	**3,905,763**	3,992,345

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”)

	2025	2024
Quoted equity securities	**685,737**	-
Unquoted equity securities	**1,934,005**	2,881,296
Convertible Bonds (a)	**1,887,251**	3,083,519
	4,506,993	5,964,815

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 31).

8. Investment in joint ventures

Name of joint venture	Country of incorporation	Principal activities	Percentage of ownership 2025	Percentage of ownership 2024	Amount 2025	Amount 2024
Mediterranean Investment Holding P.L.C.	Malta	Investing and Developing Real Estate Projects	**50%**	50%	**26,791,103**	30,356,565
Naples TOPCO Limited (a)	United Arab of Emirates	Construction and Developing Real Estate Projects	**80%**	80%	**-**	-
Net investment					**26,791,103**	30,356,565

(a) The parent company’s ownership in Naples Topco L.LC. is 80% as of December 31, 2025 (2024: 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:

	2025	2024
Balance at the beginning of the year	**30,356,565**	31,255,578
Share of results from joint ventures	**3,419,761**	2,240,255
Share of other comprehensive income from joint ventures (Note 20)	**(196,733)**	29,686
Dividends received	**(1,932,960)**	(1,161,000)
Impairment loss (a)	**(9,397,218)**	-
Foriegn currency translation and adjustments	**4,541,688**	(2,007,954)
Balance at the end of the year	**26,791,103**	30,356,565

(a) During the year ended December 31, 2025, the Group assessed its investment in MIH (Joint venture), which is accounted for using the equity method, for indicators of impairment.

Based on this assessment, management identified objective evidence of impairment, primarily driven by ongoing negotiations for the disposal of the investment and indications that the recoverable amount is lower than the carrying amount, supported by the expected transaction value. The recoverable amount of the investment has been determined based on the expected sale value, which is the best estimate of fair value less costs of disposal.

Accordingly, an impairment loss amounting to KD 9,397,218 has been recognized in the consolidated statement of profit or loss for the year ended December 31, 2025

Summarized statement of financial position:

	Mediterranean Investment Holding P.L.C.		Naples TOPCO Limited		Total	
	2025	2024	**2025**	2024	**2025**	2024
Assets:						
Cash and cash equivalents	**4,111,603**	2,231,956	**10,132,665**	35,764,500	**14,244,268**	37,996,456
Other current assets	**2,048,522**	6,456,160	**-**	5,886,682	**2,048,522**	12,342,842
Total current assets	**6,160,125**	8,688,116	**10,132,665**	41,651,182	**16,292,790**	50,339,298
Non-current assets	**100,431,418**	85,907,628	**398,009,716**	359,925,670	**498,441,134**	445,833,298
Total assets	**106,591,543**	94,595,744	**408,142,381**	401,576,852	**514,733,924**	496,172,596
Liabilities:						
Financial liabilities (ex-cluding trade payable)	**856,963**	1,138,027	**6,709,576**	6,095,937	**7,566,539**	7,233,964
Other current liabilities (including trade payable)	**5,622,998**	8,105,321	**24,687,859**	23,480,129	**30,310,857**	31,585,450
Total current liabilities	**6,479,961**	9,243,348	**31,397,435**	29,576,066	**37,877,396**	38,819,414
Non-current liabilities	**27,734,940**	24,639,266	**497,914,903**	482,576,137	**525,649,843**	507,215,403
Total liabilities	**34,214,901**	33,882,614	**529,312,338**	512,152,203	**563,527,239**	546,034,817
Net assets	**72,376,642**	60,713,130	**(121,169,957)**	(110,575,351)	**(48,793,315)**	(49,862,221)
Share in the joint venture's net assets attributable to the Parent Company	**36,188,321**	30,356,565	**-**	-	**36,188,321**	30,356,565
Impairment loss	**(9,397,218)**	-	**-**	-	**(9,397,218)**	-
Net share in the joint venture's net assets attributable to the Parent Company	**26,791,103**	30,356,565	**-**	-	**26,791,103**	30,356,565

Summarized statement of profit or loss and other comprehensive income

	Mediterranean Investment Hold-ing P.L.C.		Naples TOPCO Limited		Total	
	2025	2024	**2025**	2024	**2025**	2024
Revenue	**11,621,731**	10,391,174	**10,734,345**	8,187,748	**22,356,076**	18,578,922
Operating expenses	**(4,423,852)**	(4,619,809)	**(17,184,186)**	(18,030,572)	**(21,608,038)**	(22,650,381)
Interest income	**113,120**	47,417	**33,703,962**	5,049	**33,817,082**	52,466
Finance chrgaes	**(471,477)**	(1,338,273)	**(42,655,655)**	(39,681,959)	**(43,127,132)**	(41,020,232)
Net profit / (loss) for the year	**6,839,522**	4,480,509	**(15,401,534)**	(49,519,734)	**(8,562,012)**	(45,039,225)
Other comprehensive (loss) / income	**(393,466)**	59,373	**(94,535)**	(1,540,743)	**(488,001)**	(1,481,370)
Total comprehensive income / (loss) for the year	**6,446,056**	4,539,882	**(15,496,069)**	(51,060,477)	**(9,050,013)**	(46,520,595)
Total share of joint venture results	**3,419,761**	2,240,255	**-**	-	**3,419,761**	2,240,255
Total share of other com-prehensive (loss) / income from joint ventures	**(196,733)**	29,686	**-**	-	**(196,733)**	29,686

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	
			2025	2024	**2025**	2024
Agility Public Warehousing Company K.S.C.P. (a)	Kuwait	Logistics Services	**23.346**	23.346	**124,395,336**	228,707,354
Agility Global PLC (b)	UAE	Aviation and logistics services	**19.680**	12.140	**288,425,382**	207,361,838
					412,820,718	436,069,192

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

	2025	2024
Balance at the beginning of the year	**436,069,192**	406,365,226
Dividends In-Kind (b)	**(49,679,951)**	(182,038,832)
Additions	**67,687,828**	189,693,578
Partial disposal	**-**	(943,719)
Cash dividend received	**(12,232,792)**	(16,773,353)
Group's share of results from associates	**(53,226,359)**	19,129,300
Share of associates' other comprehensive income	**136,637,121**	47,316,231
Share of associates' other reserves	**(3,612,066)**	(27,164,058)
Group's share in other equity components of associates	**(108,743,861)**	-
Foriegn currency translation adjustments	**(78,394)**	484,819
Balance at the end of the year	**412,820,718**	436,069,192

(a) The Group has an effective equity interest directly of 23.346% (2024: 23.346%) 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 Group'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, 2025 amounted to KD 83,422,393 (2024: KD 147,180,937).

The Group's share of the associate's contingent liabilities and capital commitments amounted to KD 22,122,903 as of December 31, 2025 (2024: KD 92,779,572).

As at December 31, 2025, 100% (2024: 100%) 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 Public 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.

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).

The Board of Directors of Agility Public Warehousing Company K.S.C.P. (Associate Company), in its meeting held on June 17, 2025, and pursuant to the authorization granted by the Ordinary General Assembly of the associate's shareholders held on 22 May 2025, approved an in-kind dividend distribution representing 20.09% of the shares held by the associate in Agility Global PLC. Each shareholder registered in the records of the associate at the record date will receive 82 shares in Agility Global PLC for every 100 shares held in the associate.

On July 14, 2025, the distribution of in-kind dividends was completed, and as a result of that transaction, the equity share of the associate company in Agility Global PLC decreased from 51% to 25%.

The fair market value of the Group's interest in Agility Global PLC Company (the "Associate"), based on the quoted market price of the investment as at December 31, 2025 amounted to KD 197,032,747 (2024: KD 139,375,192).

The Group's share of the associate's contingent liabilities and capital commitments amounted to KD 38,632,021 as of December 31, 2025 (2024: KD 33,951,397).

As of December 31, 2025, 94.58% (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 positio:

	Agility Public Warehousing Company K.S.C.P.	
	2025	2024
Assets:		
Cash and cash equivalents	**50,599,000**	319,569,000
Other current assets	**135,524,000**	478,575,000
Total current assets	**186,123,000**	798,144,000
Non-current assets	**890,543,000**	3,398,249,000
Total assets	**1,076,666,000**	4,196,393,000
Liabilities:		
Financial liabilities (excluding trade payable)	**19,445,000**	211,427,000
Other current liabilities (including trade payable)	**141,056,000**	534,369,000
Total current liabilities	**160,501,000**	745,796,000
Non-current liabilities	**323,922,000**	1,406,848,000
Total liabilities	**484,423,000**	2,152,644,000
Net assets	**592,243,000**	2,043,749,000
Less: Net assets attributable to the non-controlling interests	**(22,384,000)**	(1,026,806,000)
Net assets attributable to the Parent Company	**569,859,000**	1,016,943,000
Share in associate's net assets after eliminations	**134,401,919**	238,713,937
Impairment losses recorded in prior years	**(10,006,583)**	(10,006,583)
Carrying value of investment in an associate	**124,395,336**	228,707,354

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

Summarized consolidated statement of profit or loss and other comprehensive income

	Agility Public Warehousing Company K.S.C.P.	
	2025	2024
Revenue	**151,464,000**	1,528,070,000
Operating expenses	**(25,527,000)**	(1,292,845,000)
Depreciation and amortization	**(8,168,000)**	(102,084,000)
Interest income	**1,350,000**	7,017,000
Finance charges	**(11,395,000)**	(74,425,000)
Other income	**1,659,000**	84,149,000
Other expenses	**(45,721,000)**	(19,461,000)
Losses from discontinued operations	**(662,331,000)**	-
Net (loss) profit for the year	**(598,669,000)**	130,421,000
Other comprehensive income for the year	**133,316,000**	113,822,000
Total comprehensive (loss) income for the year	**(465,353,000)**	244,243,000
(Loss) profit for the year attributable to:		
Shareholders of the Parent Company	**(294,200,000)**	62,627,000
Non-controlling interests	**(304,469,000)**	67,794,000
	(598,669,000)	130,421,000
Total other comprehensive (loss) income attributable to:		
Shareholders of the Parent Company	**(191,845,000)**	72,037,000
Non-controlling interests	**(273,508,000)**	172,206,000
	(465,353,000)	244,243,000
Share of associate's results	**(68,487,920)**	15,286,204
Share of associate's other comprehensive income	**109,204,516**	1,981,220
Dividends received from an associate	**5,958,742**	11,942,745

Summarized consolidated statement of financial position as of December 31:

	Agility Global PLC	
	2025	2024
Assets:		
Cash and cash equivalents	**318,430,774**	269,615,400
Other current assets	**485,377,428**	359,039,442
Total current assets	**803,808,202**	628,654,842
Non-current assets	**3,331,209,373**	3,016,165,308
Total assets	**4,135,017,575**	3,644,820,150
Liabilities:		
Financial liabilities (excluding trade payable)	**300,149,244**	202,414,369
Other current liabilities (including trade payable)	**386,341,659**	356,900,339
Total current liabilities	**686,490,903**	559,314,708
Non-current liabilities	**1,505,614,554**	1,211,314,943
Total liabilities	**2,192,105,457**	1,770,629,651
Net assets	**1,942,912,118**	1,874,190,499
Less: Net assets attributable to the non-controlling interests	**(137,974,715)**	(129,562,201)
Net assets attributable to the Parent Company	**1,804,937,403**	1,744,628,298
Carrying value of investment in an associate	**288,425,382**	207,361,838

Summarized consolidated statement of profit or loss and other comprehensive income:

	Agility Global PLC	
	The financial year ended December 31, 2025	The financial period from April 1, 2024 (date of acquisition) to December, 31 2024
Revenue	**1,559,666,940**	1,386,496,941
Operating expenses	**(579,641,705)**	(1,205,939,551)
Depreciation and amortization	**(105,939,567)**	(94,400,834)
Interest income	**17,220,222**	5,879,981
Finance charges	**(73,997,454)**	(58,316,241)
Other income	**84,762,783**	37,642,642
Other expenses	**(808,405,941)**	(15,711,837)
Net profit for the year	**93,665,278**	55,651,101
Other comprehensive income for the year	**142,509,710**	130,255,641
Total comprehensive income for the year	**236,174,988**	185,906,742
Profit for the year attributable to:	**73,761,641**	38,455,657
Shareholders of the Parent Company	**19,903,637**	17,195,444
Non-controlling interests	**93,665,278**	55,651,101
Total other comprehensive income attributable to:	**213,713,068**	169,644,282
Shareholders of the Parent Company	**22,461,920**	16,262,460
Non-controlling interests	**236,174,988**	185,906,742
Share of associate's results	**15,261,561**	3,843,096
Share of associate's other comprehensive income	**23,820,539**	18,170,953
Dividends received from an associate	**6,274,050**	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 related to the associate include certain properties with a carrying value of KD 192,637 thousand that are leased from PAI as described below:

1 - 805,712 m2 of land in Sulaibiya area with a carrying value of KD 78,470 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 66,688 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 6,896 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 28,740 thousand leased in accordance with letter issued by the Council of Ministers No. (11/930-1949) - Issued in 1978 – under contract No. 8/2003.

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

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

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 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. A ruling was issued on November 15, 2023, rejecting the appeals and confirming the ruling of the first instance. The Associate has challenged this appeal decision and filed Case No. 18/35/38 for the year 2024 cassation commercial /1.

2- Case No. 9/2023 Commercial, Civil Government / 28, regarding 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 Associate Company 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 Company filed a new case regarding contract No. 211 of the Sulaibiya site under case no. 622/2024 commercial, Civil Government /23 which is still under examination before the Court of First Instance. 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. A hearing date was set for rendering the judgment before the Court of First Instance. On March 10, 2026 the Court of First Instance issued a judgment rejecting the original case and confirming the termination of the lease contract in the secondary case.

3- Case No. 19/2023 Civil Commercial Government / 9, related to Contract No. (208) 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 Associate to vacate the land in favor of PAI. The Associate appealed the decision of the court of first instance in appeals no. 1119 and 1146 for the year 2024. PAI appealed the same decision in appeal no 1049 for the year 2024 Commercial Appeal, Civil, Government / 2. On February 16, 2025, a ruling was issued rejecting the appeals and confirming the decision of first instance. The Associate has appealed this decision before the court of cassation in appeal no. 1604 for the year 2025/cassation/ Commercial/4 and the PAI has also appealed it in appeal no 1487 for the year 2025 / cassation / commercial/4.

4- Case No. 12/2023 Commercial, Civil, Government / 20, regarding Contract No. 19/2002 for the truck parking site in Amghara Industrial Area, with an area of 200,000 m2. The court of first instance dismissed the case on 28 February 2023. The Associate appealed the judgment with appeals Nos. 1613, 1649, 1654, 1663, commercial, civil, government / 5 for the year 2023. On 14 June 2023, a stay order was issued pending a decision on the judges' recusal request No. 13 of 2023 and on 16 July 2023 a decision was issued to reject the recusal request. On 13 March 2024, the court of appeal issued its ruling rejecting the appeal and confirmed the court of first instance ruling. The Associate Company has appealed this decision before the Court of Cassation under appeals No. 2043, 2148, 2211, 2215 for the year 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 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. 10300 for the year 2024 Commercial/Civil/ Government/ 27 filed by the Associate against the PAI and others to confirm the renewal of the lease contract dated September 19, 2004 related to Crafts extension in Sulaibiyah and to request an order for restraining interference. On October 30, 2025, the court of First Instance ruled to dismiss the claim and to terminate the contract in the counter claim. PAI filed an appeal against the first-instance judgment under Civil Commercial Appeal No. 7447 of 2025, Government/11. The appellate judgment was issued on February 11, 2026, rejecting the appeal and upholding the first instance ruling. On September 23, 2025, the Associate handed over the Sulaibiya craft expansion site to PAI under an official handover report.

7- Case No. 10301 of 2024 Commercial Civil Plenary Government/19, filed by the Associate Company against PAI and others to prove the renewal of the lease contract dated September 19, 2004 for the Crafts extension in Jahra. On March 23, the Court of First Instance dismissed the case/ in the counterclaim filed by PAI ordered the Associate Company to vacate the site. The Associate company then appealed the first instance ruling in Appeal No. 2040/2025 Commercial Civil Government/2, while PAI appealed the first instance ruling in Appeal No. 1987/2025 Commercial Civil Government/2. On June 25, 2025, the Court of Appeal ruled to dismiss the appeal and uphold the ruling. The Associate Company challenged the appeal ruling by Cassation under No. 2604/2025 commercial cassation /4 while PAI also filed its own cassation No 2563/2025 Commercial Cassation/4. On 24 September 2025, the Associate company handed over the Jahra craft expansion site to PAI under an official handover report.

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. The Associate Company has also handed over the Mina Abdulla sites 20 and 21 to PAI under an official handover report.

Pending the final outcome of the above mentioned litigations, the Associate's management was unable to determine the fair value of the subject investment properties as at December 31, 2025.

ii) 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 11 May 2022, this matter was finally resolved with the issuance of this judgment in respect of Appeals by Cassation No. 1480 and 1487 for year 2015, Administrative/4 before 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 principal of encashed guarantee. The said appeals by Cassation 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, thus making the total receivable KD 64,488 thousand in addition to the legal interest of 7% annually on both amounts from the date this judgment becomes final.

Accordingly, the Associate Company and GCS recognized an amount of KD 64,488 thousand in the prior year representing the receivable as per the above rulings in favor of GCS (KD 58,927 thousand and KD 5,561 thousand as mentioned above).

The amount of interest in respect of the aforementioned amounts is currently not quantifiable and hence not recorded on the Associate's consolidated financial statements.

iii) Legal cases with GAC

Further, in respect of an ongoing dispute between GCS and GAC relating to project management mechanisms in the ports, both the parties have filed various claims and counter-claims against each other.

GAC initiated several legal proceedings against GCS in respect of this matter and claimed financial compensation from GCS. On September 25, 2018, a judgment was issued dismissing all cases. The judgment was appealed by both GCS and GAC. On September 26, 2022 the court of appeals ruled to set up the project development fund and required GCS to pay an amount of KD 12,443 thousand to GAC.

Both GCS and GAC appealed this judgment before the court of cassation. The GCS appeal also included a request for a stay of execution until the appeal is resolved. On April 12, 2023, the Court of Cassation ordered a stay on the enforcement until the case is determined on its merits. The case remains pending before the Court of Cassation. The Parent Company and GCS (after consulting the external counsel) have resolved not to record any provision in the consolidated financial statements 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 legal counsel of the Group believes that these matters will not have a material adverse effect on the Associate's consolidated financial statements.

iv) Contract with the Public Authority of Industry ("PAI") for stage 5 land located in South Amghara area

The contract pertains to a lease agreement between the Associate Company and the Public Authority for Industry (PAI) for stage 5 land in the South Amghara area, covering a land area of 427,164 m^2. The lease expired on 7 April 2020, following which PAI initiated legal proceedings to reclaim the land. The Court of First Instance ruled in favor of PAI on April 20, 2021, confirming the requirement for the Associate Company to vacate the premises.

Both PAI and the Parent Company appealed the decision before the Court of Appeals. In its rulings the Court of Appeals upheld the order for the Associate Company to vacate the site and mandated the payment of KD 11,793 thousand as compensation for the land's use from 8 April 2020 to 3 November 2024. The Associate Company paid KD 2,654 thousand during the prior year and KD 9,139 thousand during March 2025 based on the above judgement.

The Associate Company has filed an appeal with the Court of Cassation, contesting the method used by the Court of Appeals to calculate the compensation. On November 3, 2024, the Associate Company implemented the evacuation phase of the fifth phase site at Amghara Scrap and handed it over to PAI pursuant to an execution report issued by the Ministry of Justice - Execution Department.

v) Contract with the Public Authority of Industry ("PAI") for stage 4 land located in South Amghara area

The contract pertains to a lease agreement between the Associate and the Public Authority for Industry (PAI) for stage 4 land in the South Amghara area, covering a land area of 939,323 m^2. The lease expired on 31 October 2018. PAI initiated a legal case against the Associate claiming a compensation of KD 13,694 thousand representing rent for the period commencing November 2023. The Associate handed over the land to PAI on March 13, 2025 and the carrying value of the land in the books of the Associate is Nil.

The court of first instance ruled in favour of the Associate dismissing the case. PAI filed an appeal and the court of appeal, on December 24, 2025 pronounced its judgement in favour of PAI and ordered the Associate to pay the above amount.

On March 10, 2026, the court of cassation ordered a stay of enforcement of the court of appeal judgement pending its final determination of the case on the merits.

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 Associate's consolidated financial statements.

vi) 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.

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 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, on July 8, 2024, the Associate refiled its ICSID claim against the Republic of Iraq. The claim has been registered and a new ICSID tribunal has been constituted. A hearing before the new ICSID tribunal is scheduled for November 2026.

<u>Kuwait Claim Against the KRG</u>

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, Alcazar commenced enforcement proceedings of the Kuwait Judgment.

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 for the awarded amounts in the consolidated financial statements.

<u>Associated KRG Claim Against the Associate Company</u>

In February 2025, the Kurdistan Regional Government filed a claim against the Associate and its former CEO, before the Erbil Court of First Instance in Kurdistan, Iraq. The claim seeks damages by alleging that the Associate and its former CEO were responsible for an alleged improper notification of the Kuwaiti claim filed by Alcazar which resulted in Alcazar obtaining the Kuwaiti judgment against the KRG and seeking to enforce the Kuwaiti judgment in foreign jurisdictions. The claim is currently pending before the Erbil Court of First Instance.

<u>Deed of Release Arbitration</u>

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.

On July 28, 2025, the Tribunal issued a final partial award, declaring, among other things, that: (i) Alcazar breached the Deed of Release by obtaining the Kuwaiti judgment; (ii) Alcazar breached the Deed of Release by asserting in the enforcement proceedings in New York. Costs of USD 1.65 million were awarded to Korek. Alcazar is currently considering an application to annul the award before the courts of the DIFC.

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' investment in Korek Telecom.

  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. IT ltd. is now in the process of enforcing the award in various jurisdictions around the world.

  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 for the awarded amounts in the consolidated financial statements.

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

  IT Ltd Commenced the arbitration proceedings 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.

  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.

  The Tribunal submitted Its draft Final Award to the ICC Secretariat on July 8, 2024 for approval and declared the proceedings closed. The Final Award was issued on September 9, 2024 wherein Korek was ordered to pay IT Ltd. over USD 1.3 billion to Iraq Telecom. Iraq Telecom is currently seeking to enforce 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 consolidated financial statements.

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.

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. On October 18, 2023, the Lebanese Court of Cassation ordered a stay of the Annulment Decision. Accordingly, the Arbitral Tribunal issued a stay of the arbitration proceedings until the Lebanese Court of Cassation's decision on the challenge to the Beirut Court of Appeal's decision. On February 4, 2026, the Lebanese Court of Cassation quashed the findings of the Lebanese Court of Cassation, thereby voiding the Annulment Decision and upholding the award of the initial IBL Arbitration. The Arbitral Tribunal is now expected to lift its stay and continue the proceedings to assess the damages.

- **DIFC Director Claims**

On March 12, 2018 IT Ltd. 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. On December 16, 2021, a judgment against Mr. Rahmeh was issued in the amount of USD 71.3 million plus costs and interest.

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 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.

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.

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 (%)	
			2025	2024	**2025**	2024
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	
	2025	2024	**2025**	2024	**2025**	2024
Current assets	**12,600,476**	12,482,248	**1,389,557**	1,568,311	**13,990,033**	14,050,559
Current liabilities	**(8,263,240)**	(7,716,337)	**(556,753)**	(503,855)	**(8,819,993)**	(8,220,192)
Total net current assets	**4,337,236**	4,765,911	**832,804**	1,064,456	**5,170,040**	5,830,367
Non-current assets	**1,478,569**	1,876,479	**8,984,368**	8,799,606	**10,462,937**	10,676,085
Non-current liabilities	**(1,353,044)**	(202,345)	**(43,182)**	(64,896)	**(1,396,226)**	(267,241)
Total net non-current assets	**125,525**	1,674,134	**8,941,186**	8,734,710	**9,066,711**	10,408,844
Net assets	**4,462,761**	6,440,045	**9,773,990**	9,799,166	**14,236,751**	16,239,211
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	**3,789,956**	5,152,036	**6,667,140**	6,859,416	**10,457,096**	12,011,452
Net assets attributable to NCI for major subsidiaries	**672,805**	1,288,009	**3,106,850**	2,939,750	**3,779,655**	4,227,759
Net assets attributable to NCI for other subsidiaries					**(247,525)**	(707,462)
Net assets attributable to NCI					**3,532,130**	3,520,297

Summarized statement of profit or loss

	KUWADICO 2025	KUWADICO 2024	NREC – Jordan 2025	NREC – Jordan 2024	Total 2025	Total 2024
Revenue	**2,847,321**	6,576,880	**1,073,281**	1,036,270	**3,920,602**	7,613,150
Expenses	**(2,484,561)**	(4,483,548)	**(804,910)**	(728,772)	**(3,289,471)**	(5,212,320)
Profit for the year	**362,760**	2,093,332	**268,371**	307,498	**631,131**	2,400,830
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	**242,341**	1,674,666	**187,860**	215,249	**430,201**	1,889,915
Profit attributable to NCI for major subsidiaries	**120,419**	418,666	**80,511**	92,249	**200,930**	510,915
Loss attributable to NCI for other subsidiaries					**-**	10,323
Profit attributable to NCI					**200,930**	521,238

Summarized statement of cash flows

	KUWADICO 2025	KUWADICO 2024	NREC - Jordan 2025	NREC - Jordan 2024
Operating	**1,424,179**	655,546	**644,579**	634,636
Investing	**24,004**	359,269	**(488,585)**	(96,641)
Financing	**(1,208,306)**	(1,164,717)	**(200,261)**	(371,819)
	239,877	(149,902)	**(44,267)**	166,176

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11. Properties under development

	2025	2024
Balance at the beginning of the year	**31,331,711**	35,271,784
Additions	**1,628,998**	1,808,105
Transfer to inventory properties (Note 6)	**(682,258)**	(1,821,158)
Foreign currency translation adjustments	**473,024**	(3,927,020)
Balance at end of the year	**32,751,475**	31,331,711

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, 2024	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
Additions	**484,679**
Change in fair value	**(137,911)**
Foreign currency translation adjustment	**(17,904)**
At December 31, 2025	**7,446,225**

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 31).

13. Bank borrowings

	2025	2024
Due to banks	**7,407,416**	6,974,374
Term loans (a)	**146,472,442**	135,374,612
Total	**153,879,858**	142,348,986

(a) Term loans	Currency	Current 2025	Current 2024	Non – current 2025	Non – current 2024	Total 2025	Total 2024
Term loans from local banks carrying interest rate from 1.5% - 2.25% over the Central Bank of Kuwait discount rate.	KD	**10,516,000**	11,608,500	**131,571,500**	119,645,000	**142,087,500**	131,253,500
Term loan from foreign bank carrying interest rate up to 1.5% - 2.75% over corridor rate of the Central Bank of Egypt.	EGP	**3,256,756**	4,121,112	**1,128,186**	-	**4,384,942**	4,121,112
Total		**13,772,756**	15,729,612	**132,699,686**	119,645,000	**146,472,442**	135,374,612

(b) Term loans and due to banks are secured by the following in favor of the lending banks:

- Pledge of 100% (2024: 100%) of the Group's investment in Agility Public Warehousing Company K.S.C.P. (Note 9).
- Pledge of 94.58% (2024: 68.37%) 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 year ended December 31, 2025, 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.

14. Accounts payable and other credit balances

	2025	2024
Accrued expenses	**6,050,808**	6,155,593
Payable for purchase of land	**1,076,137**	1,166,956
Deferred revenue	**28,653,129**	25,820,305
Due to contractors and suppliers	**10,429,333**	9,881,002
Other payables (a)	**10,660,820**	9,450,237
	56,870,227	52,474,093

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

a) The other payables includes an amount of KD 1,680,161 (2024: KD 1,226,120), representing maintenance deposits collected by a subsidiary from customers to cover future property maintenance costs. These amounts are held by the Group on behalf of property owners (Note 3).

15. Provision for end of service benefits

	2025	2024
Balance at beginning of the year	**955,844**	874,372
Charge for the year	**241,245**	110,341
Paid during the year	**(101,708)**	(28,869)
Balance at end of the year	**1,095,381**	955,844

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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 218,436,335 consisting of 2,184,363,350 shares (2024: KD 208,034,605 consisting of 2,080,346,050 shares) of 100 fils each. All shares have been paid in cash.

	2025	2024
Authorized capital	**250,000,000**	250,000,000
Unpaid capital	**(31,563,665)**	(41,965,395)
Paid-up capital	**218,436,335**	208,034,605

17. Treasury Shares

	2025	2024
Number of shares	**86,449,823**	77,344,277
Percentage of issued shares (%)	**3.96**	3.72
Market value (KD)	**6,224,387**	6,032,854
Cost (KD)	**10,712,250**	10,316,727

As at the date of the consolidated financial statements, the treasury shares reserve exceeds the treasury shares balance. Accordingly, no additional restriction on retained earnings is required, and the Group has sufficient reserves to cover the treasury shares balance.

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. No transfer to the statutory reserve was made due to a loss incurred during the year.

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, 2025	13,606,879	(424,183)	(31,526,993)	522,090	(17,822,207)
Total comprehensive income (loss) for the year	-	(2,288,851)	4,626,571	(196,733)	2,140,987
Balance as at December 31, 2025	**13,606,879**	**(2,713,034)**	**(26,900,422)**	**325,357**	**(15,681,220)**
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)
Sales 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)

21. General and administrative expenses

	2025	2024
Staff costs	**4,405,519**	2,911,699
Professional services and legal fees	**1,835,909**	1,359,587
Maintenance and utilities	**212,177**	194,965
Advertising and marketing	**106,090**	88,286
lease Land and office rent	**49,168**	140,139
Other expenses	**676,187**	1,270,435
	7,285,050	5,965,111

22. Finance charges

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

	2025	2024
Bank borrowings	**8,292,173**	9,257,880
Finance charges on lease liabilities	**71,208**	71,965
	8,363,381	9,329,845

23. 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, 2024.

No KFAS has been provided for since there was no eligible profit on which KFAS could be calculated for the year ended December 31, 2025.

24. Basic and diluted earnings per share

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

	2025	2024
(Loss) profit for the year attributable to equity holders of the Parent Company	**(72,381,013)**	9,309,228
Number of shares outstanding:		
Number of issued shares at the beginning of the year	**2,184,363,348**	2,184,363,348
Less: Weighted average number of treasury shares	**(85,008,384)**	(85,008,384)
Less: Treasury shares related to reciprocal interests with an associate	**(106,375,534)**	(100,082,998)
Weighted average number of shares outstanding	**1,992,979,430**	1,999,271,966
Basic and diluted (loss) earnings per share (Fils)	**(36.32)**	4.66

Basic earnings per share for the year ended December 31, 2024 were 4.91 fils, before retrospective adjustment to the number of shares on account of bonus share issue (Note 28).

As there are no dilutive instruments outstanding, basic and diluted (loss) earnings 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	2025	2024
Accounts receivable and other debit balances (Note 4)	670,454	13,100	**683,554**	914,169
Financial assets at fair value through profit or loss * (Note 5)	-	24,174,363	**24,174,363**	21,250,920
Financial assets at fair value through other comprehensive income	3,821,256	-	**3,821,256**	5,964,815

* 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	2025	2024
Rental income	-	19,200	**19,200**	19,200
Net investment loss	-	-	**-**	(207,643)
General and administrative expenses	(570,202)	(64,800)	**(635,002)**	(427,613)

Compensation to key management personnel

	2025	2024
Short term benefits	**1,190,960**	1,362,707
Post-employment benefits	**52,154**	48,654
	1,243,114	1,411,361

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

26. Commitments and Contingencies

a) At December 31, 2025, the Group's management has capital commitments of KD 535,969 (2024: KD 406,704)

b) For the operating lease commitments, the Parent Company has provided a bank guarantee of 0.5% (2024: 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, 2025, the Group recognized a contingent liability amounting to KD 2,701,041 (2024: 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, 2025 amounts to KD 8,212,663 (2024: KD 8,212,663).

27. 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 hearing was initially scheduled for 21 May 2024 for submission of the report, which was subsequently postponed to 10 September 2024. A further session was set for 28 February 2025 for review, and on 18 March 2025, the Court of First Instance ruled that it lacked jurisdiction over the case and referred it to the competent Administrative Circuit (Admin/9). A hearing was then scheduled for 13 May 2025, which was later postponed to 28 April 2026 for reporting. Accordingly, the Group has recognized the value of the guarantee as receivables under judicial collection based on 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.

28. Annual General Meeting

- The Board of Directors of the parent company, at its meeting held on 30 March 2026, proposed not to distribute any cash dividends or bonus shares to shareholders for the year ended 31 December 2025, and not to pay any remuneration to the members of the Board of Directors for the year ended 31 December 2025.

  These proposals are subject to approval by the Annual General Assembly of the shareholders of the Parent Company.

- During the fiscal year ended December 31, 2025, pursuant to the minutes of the Parent Company's Board of Directors meeting held on March 27, 2025, it was approved to increase the Parent Company's issued share capital from KD 208,034,605 to KD 218,436,335, an increase of KD 10,401,730, and it was also approved to amend Articles (5) and (6) of the Parent Company's Articles of Association and Memorandum of Association, respectively.

- The Parent Company's annual general meeting of the shareholders held on May 25, 2025, has approved the consolidated financial statements of the Group for the year ended December 31, 2024 and approved to distribute 5 bonus shares for every 100 shares amounting to KD 10,401,730 and not to pay remuneration for the Board of Directors for the year ended December 31, 2024.

  This increase was notarized in the Commercial Register under No. 19628 on June 1, 2025 (Note 1).

  On July 6, 2025, 104,017,302 shares were distributed, bringing the total number of shares issued after the increase to 2,184,363,348 shares, and the shareholders' register of the parent company was amended to reflect this matter.

- The Parent Company's 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.

29. 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	
	2025	2024	**2025**	2024	**2025**	2024
Revenues	**4,159,931**	6,635,013	**(49,801,740)**	21,369,555	**(45,641,809)**	28,004,568
Expenses	**(8,709,090)**	(7,348,806)	**(9,371,293)**	(465,802)	**(18,080,383)**	(7,814,608)
Segment (loss)/ profit	**(4,549,159)**	(713,793)	**(59,173,033)**	20,903,753	**(63,722,192)**	20,189,960
Net interest					**(8,089,960)**	(8,928,469)
Unallocated expenses					**(367,931)**	(1,431,025)
Segment (loss) profit					**(72,180,083)**	9,830,466
Segment assets	**75,333,729**	80,366,353	**468,293,177**	493,641,492	**543,626,906**	574,007,845
Segment liabilities	**(212,590,416)**	(196,628,833)	**-**	-	**(212,590,416)**	(196,628,833)
Net (liabilities) assets	**(137,256,687)**	(116,262,480)	**468,293,177**	493,641,492	**331,036,490**	377,379,012

30. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, accounts receivable, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable, 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 / cost 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 / cost rates. The effective interest / cost 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 / cost rates, with all other variables held constant, of the Group's profit through the impact on floating rate borrowings:

	2025		
	Increase (Decrease) in interest rate	**Balance on December 31**	**Effect on consolidated statement of profit or loss**
Short term bank deposits and Treasury bills	± 0.5%	**1,267,766**	**± 6,339**
Bank borrowings	± 0.5%	**153,879,858**	**± 769,399**
			± 775,738

	2024		
	Increase (Decrease) in interest rate	Balance on December 31	Effect on consolidated statement of profit or loss
Short term bank deposits and Treasury bills	± 0.5%	2,093,196	± 10,466
Bank borrowings	± 0.5%	142,348,986	± 711,745
			± 722,211

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

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.

	2025		
	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%**	**± 315,063**	**± 1,807,338**
Euro (EUR)	**± 5.00%**	**± 170,988**	**± 9,837**
American Dollar (USD)	**± 5.00%**	**± 763,078**	**± 219,410**
		± 1,249,129	**± 2,036,585**

	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

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
- 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

2025	**Up to 1 year**	**Over 1 year**	**Total**
Assets:			
Cash and cash equivalents	**19,146,129**	**-**	**19,146,129**
Accounts receivable and other debit balances	**9,002,085**	**-**	**9,002,085**
Financial assets at fair value through profit or loss ("FVPL')	**-**	**24,174,363**	**24,174,363**
Inventory properties	**3,905,763**	**-**	**3,905,763**
Financial assets at fair value through other comprehensive income ("FVOCI")	**-**	**4,506,993**	**4,506,993**
Investment in joint ventures	**-**	**26,791,103**	**26,791,103**
Investment in an associate	**-**	**412,820,718**	**412,820,718**
Properties under development	**7,635,485**	**25,115,990**	**32,751,475**
Property and equipment	**-**	**636,646**	**636,646**
Right of use assets	**-**	**2,445,406**	**2,445,406**
Investment properties	**-**	**7,446,225**	**7,446,225**
	39,689,462	**503,937,444**	**543,626,906**
Liabilities:			
Bank borrowings	**21,180,172**	**132,699,686**	**153,879,858**
Lease liabilities	**4,379**	**740,571**	**744,950**
Accounts payable and other credit balances	**16,046,149**	**40,824,078**	**56,870,227**
Employees' end of service benefits	**-**	**1,095,381**	**1,095,381**
	37,230,700	**175,359,716**	**212,590,416**

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

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:

	2025	
	Change in equity instrument price	**Effect on consolidated other comprehensive income**
Boursa Kuwait	**± 5.00%**	**± 34,287**

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

31. 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, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVPL	**-**	**-**	**24,174,363**	**24,174,363**
Financial assets at FVOCI	**685,737**	**-**	**3,821,256**	**4,506,993**
Investment properties	**-**	**7,446,225**	**-**	**7,446,225**
Total	**685,737**	**7,446,225**	**27,995,619**	**36,127,581**

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

The movements in assets measured as Level 3 during the year are as follows

	Financial assets at FVPL	Financial assets at FVOCI (*)	Total
Balance as at 1 January 2025	21,250,920	-	21,250,920
Transferred from level 1	-	5,964,815	5,964,815
Additions	2,950,363	44,961	2,995,324
Losses recognized in the statement of other com-prehensive income	-	(2,224,149)	(2,224,149)
Foreign currency translation adjustments	(26,920)	35,629	8,709
Balance as at 31 December 2025	**24,174,363**	**3,821,256**	**27,995,619**

(*) During the year ended on December 31, 2025, the Group had changed the valuation technique for the financial assets at fair value through other comprehensive income, measured at fair value of KD 5,964,815 as at December 31, 2025, from the quoted (unadjusted) market prices in active markets approach under Level 1 to Level 3, as the investee company was delisted from the Kuwait Stock Exchange on May 18, 2025, based on the decision of the Board of Commissioners of the Capital Markets Authority (CMA) to permanently delist the company's shares from trading on the Kuwait Stock Exchange.

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

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FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

a) Financial assets:

	Fair Value				
	2025	2024	Valuation technique	Significant unobservable inputs	Sensitivity of unobservable inputs to fair value
Financial assets at fair value through other comprehensive income ("FVOCI")	**3,821,256**	-	Income capitalization approach	Illiquidity discount rate of 20%.	The increase (decrease) of 5% in the illiquidity discount rate may result in an increase (decrease) in the fair value of KD 191,063.

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:

	2025	2024
Bank borrowings	**153,879,858**	142,348,986
Lease liabilities	**744,950**	849,910
Less: cash and cash equivalents	**(17,465,968)**	(23,906,464)
Net debt	**137,158,840**	119,292,432
Total equity	**331,036,490**	377,379,012
Total capital resources	**468,195,330**	496,671,444
Gearing Ratio	**29.30%**	24.02%

33. Subsequent Event

Subsequent to the date of the consolidated financial statements, On 28 February 2026, a military conflict erupted in the Middle East, resulting in a significant level of geopolitical uncertainty in the region.

This event may adversely affect the Group's business environment. Potential impacts of this situation may include, but are not limited to, disruptions in supply chains, increases in energy costs, pressure on profit margins, and heightened refinancing and credit risks.

Given that these events are recent and continue to evolve rapidly, management is currently unable to reliably estimate the full extent or duration of the conflict, or to quantify its ultimate financial impact on the Group's consolidated financial statements. Management continues to closely monitor market conditions and assess the potential impact, if any, in line with future developments.

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