

**Munshaat Real Estate Projects
Company K.S.C.P. and its Subsidiaries**

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

31 MARCH 2024



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF MUNSHAAT REAL ESTATE PROJECTS K.S.C.P.

Introduction

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

Scope of Review

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

Conclusion

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF MUNSHAAT REAL ESTATE PROJECTS K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements

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

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



ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

9 May 2024
Kuwait

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 31 March 2024

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		2024	2023
		KD	KD
Operating revenue	4	4,732,096	4,264,037
Operating costs	4	(3,034,902)	(2,838,939)
Net results from hotel operations		1,697,194	1,425,098
Management fees	9	164,042	146,729
Net income from Sukouk		551,914	268,575
Net income from investment properties	7.b	315,859	2,526
Income from saving accounts		509	3,776
Gain from extinguishment of financial liabilities	5	-	780,205
Unrealised gain (loss) from financial assets at fair value through profit or loss		13,704	(42,915)
Share of results of associates	8	1,044,663	773,189
Dividend income		10,320	-
General and administrative expenses		(268,512)	(228,913)
Depreciation expense of furniture and equipment		(14,569)	(17,923)
Write-down of inventories		-	(16,873)
Finance costs on Islamic finance payables		(542,541)	(533,730)
Finance costs on lease obligations		(214,590)	(219,557)
Finance cost	5	(91,325)	-
Net foreign exchange differences		48,180	6,501
Net charge of provision for expected credit losses		(54,013)	(81,513)
PROFIT BEFORE TAX		2,660,835	2,265,175
Overseas taxation		(6,148)	(5,723)
National Labour Support Tax ("NLST")		(50,321)	(47,901)
Zakat		(20,129)	(19,160)
PROFIT FOR THE PERIOD		2,584,237	2,192,391
Attributable to:			
Equity holders of the Parent Company		2,417,709	1,848,979
Non-controlling interests		166,528	343,412
PROFIT FOR THE PERIOD		2,584,237	2,192,391
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	6	7.51 Fils	5.74 Fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2024

	<i>Three months ended 31 March</i>	
	<i>2024 KD</i>	<i>2023 KD</i>
PROFIT FOR THE PERIOD	2,584,237	2,192,391
Other comprehensive loss		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(91,455)	(22,413)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(91,455)	(22,413)
<i>Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value of equity instruments designated at FVOCI	(4,457)	531
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods	(4,457)	531
Other comprehensive loss for the period	(95,912)	(21,882)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,488,325	2,170,509
Attributable to:		
Equity holders of the Parent Company	2,344,718	1,837,022
Non-controlling interests	143,607	333,487
	2,488,325	2,170,509

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2024

		31 March 2024 KD	(Audited) 31 December 2023 KD	31 March 2023 KD
ASSETS				
Non-current assets				
Furniture and equipment		226,028	86,961	128,947
Right-of-use asset	7.a	43,773,341	44,071,154	43,940,323
Investment properties	7.b	12,065,500	12,106,400	14,617,000
Investment in associates	8	17,324,617	16,308,906	19,507,989
Investment securities		777,704	1,146,550	689,325
		<u>74,167,190</u>	<u>73,719,971</u>	<u>78,883,584</u>
Current assets				
Accounts receivable and prepayments		4,210,919	5,190,265	2,430,257
Trading properties		547,729	547,729	547,454
Inventories		-	388,069	438,686
Wakala receivable		600,000	-	-
Bank balances and cash		9,007,794	6,397,041	6,508,039
		<u>14,366,442</u>	<u>12,523,104</u>	<u>9,924,436</u>
TOTAL ASSETS		<u>88,533,632</u>	<u>86,243,075</u>	<u>88,808,020</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	10	32,200,000	32,200,000	32,200,000
Other reserve		(309,291)	(309,291)	(309,291)
Fair value reserve		(1,945,294)	(1,940,837)	(2,115,724)
Foreign currency translation reserve		(464,354)	(395,820)	(427,679)
Accumulated losses		(3,651,791)	(6,069,500)	(17,014,826)
Equity attributable to equity holders of the Parent Company		<u>25,829,270</u>	<u>23,484,552</u>	<u>12,332,480</u>
Non-controlling interests		(10,680,236)	(10,187,301)	(11,841,690)
Total equity		<u>15,149,034</u>	<u>13,297,251</u>	<u>490,790</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		699,016	722,754	651,201
Islamic finance payables	11	32,721,040	32,721,040	37,456,979
Obligations under finance lease		13,427,588	13,074,934	14,051,661
Accounts payable and accruals		7,522,706	7,824,871	10,824,803
		<u>54,370,350</u>	<u>54,343,599</u>	<u>62,984,644</u>
Current liabilities				
Islamic finance payables	11	4,735,940	4,735,940	9,248,259
Obligations under finance lease		1,347,520	1,312,439	1,014,407
Accounts payable and accruals		12,930,788	12,553,846	15,069,920
		<u>19,014,248</u>	<u>18,602,225</u>	<u>25,332,586</u>
Total liabilities		<u>73,384,598</u>	<u>72,945,824</u>	<u>88,317,230</u>
TOTAL EQUITY AND LIABILITIES		<u>88,533,632</u>	<u>86,243,075</u>	<u>88,808,020</u>

Nawaf Musaid Abdulaziz Al-Osaimi
Chairman

Eisa Najib Abdulmohsen Al Eisa
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2024

	<i>Equity attributable to equity holders of the Parent Company</i>							
	<i>Share capital KD</i>	<i>Other reserve KD</i>	<i>Fair value reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Accumulated losses KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2024 (Audited)	32,200,000	(309,291)	(1,940,837)	(395,820)	(6,069,500)	23,484,552	(10,187,301)	13,297,251
Profit for the period	-	-	-	-	2,417,709	2,417,709	166,528	2,584,237
Other comprehensive loss for the period	-	-	(4,457)	(68,534)	-	(72,991)	(22,921)	(95,912)
Total comprehensive (loss) income for the period	-	-	(4,457)	(68,534)	2,417,709	2,344,718	143,607	2,488,325
Non-controlling interest share of capital redemption of a subsidiary*	-	-	-	-	-	-	(636,542)	(636,542)
At 31 March 2024	32,200,000	(309,291)	(1,945,294)	(464,354)	(3,651,791)	25,829,270	(10,680,236)	15,149,034

* During the period, the Parent Company, in their meeting held on 7 March 2024, approved capital redemption of the venturers contribution amounting to KD 1,060,903 of Al Safwa Joint Venture ("Safwa JV"). Accordingly, non-controlling interest share of capital redemption amounting to KD 636,542 has been recognised during the period.

	<i>Equity attributable to equity holders of the Parent Company</i>							
	<i>Share capital KD</i>	<i>Other reserve KD</i>	<i>Fair value reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Accumulated losses KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total (deficit) equity KD</i>
As at 1 January 2023 (Audited)	32,200,000	(309,291)	(2,116,255)	(415,191)	(18,863,805)	10,495,458	(12,175,177)	(1,679,719)
Profit for the period	-	-	-	-	1,848,979	1,848,979	343,412	2,192,391
Other comprehensive income (loss) for the period	-	-	531	(12,488)	-	(11,957)	(9,925)	(21,882)
Total comprehensive (loss) income for the period	-	-	531	(12,488)	1,848,979	1,837,022	333,487	2,170,509
At 31 March 2023	32,200,000	(309,291)	(2,115,724)	(427,679)	(17,014,826)	12,332,480	(11,841,690)	490,790

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2024

		Three months ended 31 March	
		2024	2023
	Notes	KD	KD
OPERATING ACTIVITIES			
Profit for the period before tax		2,660,835	2,265,175
<i>Adjustments to reconcile profit for the period before tax to net cash flows:</i>			
Depreciation of right-of-use asset	7	746,473	691,972
Valuation losses on investment properties	7	40,900	81,037
Unrealised (gain) loss from financial assets at fair value through profit or loss		(13,704)	42,915
Net charge of provision for expected credit losses		54,013	81,513
Income from saving accounts		(509)	(3,776)
Share of results of associates	8	(1,044,663)	(773,189)
Depreciation of furniture and equipment		14,569	17,923
Dividend income		(10,320)	-
Gain from extinguishment of financial liabilities	5	-	(780,205)
Finance costs on Islamic finance payables		542,541	533,730
Finance costs on lease obligations		214,590	219,557
Finance cost	5	91,325	-
Net foreign exchange differences		(48,180)	(6,501)
Write-down of inventories		-	16,873
Provision for employees' end of service benefits		19,488	14,263
		<hr/>	<hr/>
		3,267,358	2,401,287
<i>Working capital changes:</i>			
Accounts receivable and prepayments		900,028	(28,985)
Accounts payable and accruals		(1,027,086)	(3,767,876)
		<hr/>	<hr/>
Cash flows from (used in) operations		3,140,300	(1,395,574)
Employees' end of service benefits paid		(17,423)	(19,859)
		<hr/>	<hr/>
Net cash flows from (used in) operating activities		3,122,877	(1,415,433)
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Purchase of furniture and equipment		(568)	(3,135)
Additions to right-of-use asset	7	(8,101)	(18,733)
Income received from saving accounts		509	3,776
Dividends income received		10,320	-
Movement in Wakala receivables		(600,000)	-
Proceeds from capital redemption from financial assets at FVOCI		97,971	-
		<hr/>	<hr/>
Net cash flows used in investing activities		(499,869)	(18,092)
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Net repayment of obligations under finance lease		(12,708)	(12,698)
Finance costs paid		-	(60,360)
Payment of prior years' dividends		(250)	(115)
		<hr/>	<hr/>
Net cash flows used in financing activities		(12,958)	(73,173)
		<hr/>	<hr/>
NET INCREASE (DECREASE) IN BANK BALANCES AND CASH		2,610,050	(1,506,698)
Net foreign exchange difference		703	457
Bank balances and cash 1 January		6,397,041	8,014,280
		<hr/>	<hr/>
BANK BALANCES AND CASH AT 31 MARCH		9,007,794	6,508,039
		<hr/> <hr/>	<hr/> <hr/>
Non-cash adjustments excluded from the consolidated statement of cash flows:			
Proceeds from capital redemption from financial assets at FVTPL (adjusted with accounts receivable and prepayments)		280,123	-

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Munshaat Real Estate Projects Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2024 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 9 May 2024.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the shareholders at the annual general assembly meeting (“AGM”) held on 05 May 2024. No dividends have been declared by the Parent Company.

The Parent Company is a public shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded on Boursa Kuwait. The Parent Company’s head office is located at ITS Tower, Mezzathree floor, Mubarak Al Kabeer Street, Sharq and its registered postal address is P.O. Box 1393, Dasman 15464, Kuwait.

The Parent Company of Munshaat Real Estate Projects Company K.S.C.P. is Aref Investment Group S.A.K. (“Ultimate Parent Company”), a closed shareholding company incorporated and domiciled in Kuwait.

The Parent Company is principally engaged in the provision of investment and financial services in accordance with Islamic Sharia principles as approved by the Group’s Fatwa and Sharia Supervisory Board. The Group is principally engaged real estate activities and operations.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the three months ended 31 March 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023.

3 CHANGES TO THE GROUP’S ACCOUNTING POLICIES

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

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

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

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

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

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

3 CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

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

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

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

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

4 OPERATING REVENUE AND COSTS

	<i>Three months ended 31 March</i>	
	2024	2023
	KD	KD
Operating revenue		
Hotel revenue	4,732,096	4,264,037
Operating costs		
Hotel operating costs	(2,288,429)	(2,146,967)
Depreciation of right-of-use asset (Note 7.a)	(746,473)	(691,972)
	(3,034,902)	(2,838,939)
Net results from hotel operations	1,697,194	1,425,098

5 GAIN FROM EXTINGUISHMENT OF FINANCIAL LIABILITIES

In prior years, the Group recorded provision for litigation to settle the claim brought against the Group by the contractor of Qebalah Tower. On 9 June 2021, the Saudi Arbitration Committee ("SAC") issued a final verdict and ruled in favour of the claimant for which the Group was liable to pay a total amount of SAR 155 million (equivalent to KD 12.6 million) pertaining to final payment, retention payments, the compensation for delay in the execution of project, and other project related costs. Based on the advice and updates from the legal counsel, the Group had recorded a provision for the full amount to settle the claim.

On 27 September 2022, the Court of Appeal upheld the SAC final verdict issued on 9 June 2021. Furthermore, the Court of Appeal obliged the Group to pay a total amount of SAR 154 million (equivalent to KD 12.6 million). During 2022, the Group had reduced its liability to SAR 154 million (equivalent to KD 12.6 million).

During the prior year, the Group had reached a settlement with the contractor to settle the amount of SAR 154 million (equivalent to KD 12.6 million) to be paid in instalments over three years, with a final settlement to be made on 31 October 2025. Accordingly, the Group had discounted its total liabilities of SAR 154 million (equivalent to KD 12.6 million) and recorded a gain of KD 780,205, which is the difference between gross payable and present value of settlement amount considering a discount rate of 6% as is presented under 'gain from extinguishment of financial liabilities' in the interim condensed consolidated statement of profit or loss for the period ended 31 March 2023.

The Group has recognised finance cost amounting to KD 91,325 in the interim condensed consolidated statement of profit or loss for the period ended 31 March 2024 (31 March 2023: Nil) which represents unwinding of the discounted liabilities payable to the contractor.

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

6 EARNINGS PER SHARE (EPS)

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

	<i>Three months ended 31 March</i>	
	2024	2023
Earnings for the period attributable to the equity holders of the Parent Company (KD)	2,417,709	1,848,979
Weighted average number of ordinary shares outstanding during the period (shares)	322,000,000	322,000,000
Basic and diluted EPS (Fils)	7.51	5.74

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

7 RIGHT-OF-USE ASSET AND INVESTMENT PROPERTIES

a. Right-of-use asset

Set out below are the carrying amounts of right-of-use asset recognised and the movements during the period:

	<i>31 March 2024 KD</i>	<i>(Audited) 31 December 2023 KD</i>	<i>31 March 2023 KD</i>
At the beginning of the period/year	44,071,154	44,593,736	44,593,736
Depreciation of right-of-use asset (Note 4)	(746,473)	(2,787,446)	(691,972)
Transferred from inventory	388,069	-	-
Reversal of impairment on right-of-use asset	-	1,961,692	-
Additions	8,101	268,080	18,733
Exchange differences	52,490	35,092	19,826
At the end of the period/year	43,773,341	44,071,154	43,940,323

b. Investment properties

	<i>31 March 2024 KD</i>	<i>(Audited) 31 December 2023 KD</i>	<i>31 March 2023 KD</i>
At the beginning of the period/year	12,106,400	14,698,037	14,698,037
Net (loss) gain from fair value remeasurement	(40,900)	5,980,400	(81,037)
Sale during the year	-	(8,572,037)	-
At the end of the period/year	12,065,500	12,106,400	14,617,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

7 RIGHT-OF-USE ASSET AND INVESTMENT PROPERTIES (continued)

- a) The fair value of investment properties was independently determined as at 31 December 2023 by accredited independent valuers who are specialised in valuing such type of properties. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the interim period. For properties located in KSA, management updated certain assumptions to reflect the latest information and developments mainly based on renewed lease agreement for the investment property and the market conditions existing at the end of the interim reporting period resulting in a remeasurement loss of KD 40,900 (31 March 2023: KD 81,037) for the period then ended.
- b) Investment properties with a carrying value of Nil (31 December 2023: Nil; 31 March 2023: KD 8,572,037) are pledged against Islamic finance payables (Note 11).

	<i>Three months ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
Net loss from fair value remeasurement	(40,900)	(81,037)
Rental income derived from investment properties	356,759	83,563
Net income from investment properties	315,859	2,526

8 INVESTMENT IN ASSOCIATES

The Group holds interests in a number of associates operating in KSA and accounted for using the equity method.

The movement in the carrying amount of investment in associates during the period/ year is, as follows:

	<i>31 March 2024 KD</i>	<i>(Audited) 31 December 2023 KD</i>	<i>31 March 2023 KD</i>
At the beginning of the period/year	16,308,906	18,733,541	18,733,541
Share of results	1,044,663	2,638,685	773,189
Capital redemption	-	(5,025,800)	-
Exchange difference on translation of foreign operations	(28,952)	(37,520)	1,259
At the end of the period/year	17,324,617	16,308,906	19,507,989

The Group carried out an impairment assessment during the fourth quarter of the immediately preceding annual reporting period resulting in no impairment loss against any of the associates. Since the impairment test was performed at the end of the last annual reporting period, in light of current economic situation management believes that there are no new triggering events during the current interim period that require the Group to perform an impairment test in accordance with IAS 36.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

9 RELATED PARTY DISCLOSURES

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

The table below shows the aggregate value of transactions and outstanding balances with related parties:

	<i>Major shareholder of the Ultimate Parent Company KD</i>	<i>Associates KD</i>	<i>Major shareholders KD</i>	<i>Other related parties KD</i>	<i>Three months ended 31 March</i>	
					2024 KD	2023 KD
Interim condensed consolidated statement of profit or loss:						
Management fees income	-	109,534	5,605	48,903	164,042	146,729
Income from saving accounts	311	-	-	-	311	194
Finance costs	(542,541)	-	-	-	(542,541)	(473,370)
Management fees expense	-	-	-	(269,454)	(269,454)	(199,370)

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

9 RELATED PARTY DISCLOSURES (continued)

	<i>Major shareholder of the Ultimate Parent Company KD</i>	<i>Parent Company KD</i>	<i>Major shareholders KD</i>	<i>Associates KD</i>	<i>Other related parties KD</i>	31 March 2024 KD	<i>(Audited) 31 December 2023 KD</i>	<i>31 March 2023 KD</i>
Interim condensed consolidated statement of financial position:								
Financial asset at FVPL	-	-	-	-	341,571	341,571	607,990	323,152
Financial asset at FVOCI	-	-	255,962	-	146,836	402,798	505,225	330,339
Bank balances and cash	2,596,267	-	-	-	-	2,596,267	2,138,043	1,848,617
Accounts receivable and prepayments	-	1,034	1,034	-	3,681,649	3,683,717	4,757,654	1,291,290
Accounts payable and accruals	-	-	830,679	281,639	16,950	1,129,268	1,250,913	3,451,930
Islamic finance payables	37,456,980	-	-	-	-	37,456,980	37,456,980	42,192,919

Compensation of key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	<i>Balance outstanding as at 31 March</i>		<i>Transaction values for period ended 31 March</i>	
	2024 KD	2023 KD	2024 KD	2023 KD
Salaries and short-term benefits	68,877	70,697	68,907	60,877
Post-employment benefits	365,808	222,746	7,349	4,121
	434,685	293,443	76,256	64,998

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

10 SHARE CAPITAL

	31 March 2024 KD	(Audited) 31 December 2023 KD	31 March 2023 KD
Authorised, issued and paid up capital consists of 322,000,000 (31 December 2023: 322,000,000 and 31 March 2023: 322,000,000) shares of 100 fils each, paid in cash.	32,200,000	32,200,000	32,200,000

11 ISLAMIC FINANCE PAYABLES

	31 March 2024 KD	(Audited) 31 December 2023 KD	31 March 2023 KD
Current			
Murabaha payables	-	-	4,512,319
Tawarruq payable	4,735,940	4,735,940	4,735,940
	4,735,940	4,735,940	9,248,259
Non-current			
Tawarruq payable	32,721,040	32,721,040	37,456,979
	37,456,980	37,456,980	46,705,238

Islamic finance payables bear an average finance cost of 5.78% (31 December 2023: 4.67%; 31 March 2023: 4.6%) per annum and are denominated in Kuwaiti Dinars.

Murabaha payables had been settled during the prior year and pledged over investment property previously collateralised had been released. The tawarruq facility is secured over certain of the Group's investment in subsidiaries.

Banking covenants vary according to each loan agreement. A future breach of covenant may require the Group to repay the Islamic finance payable on demand. During the current interim period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest input that is significant to the fair value measurement as a whole, as follows:

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

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

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
<i>As at 31 March 2024</i>				
Financial assets at FVOCI	255,962	-	146,836	402,798
Financial assets at FVPL	-	-	374,906	374,906
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	255,962	-	521,742	777,704
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>As at 31 December 2023 (Audited)</i>				
Financial assets at FVOCI	270,301	-	234,924	505,225
Financial assets at FVPL	-	-	641,325	641,325
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	270,301	-	876,249	1,146,550
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>As at 31 March 2023</i>				
Financial assets at FVOCI	116,829	-	213,510	330,339
Financial assets at FVPL	-	-	358,986	358,986
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	116,829	-	572,496	689,325
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	<i>Unquoted equity securities</i>	
	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVPL KD</i>
<i>31 March 2024</i>		
As at 1 January 2024	234,924	641,325
Remeasurement recognised in profit or loss	-	13,704
Purchases / sales / Redemption (net)	(88,088)	(280,123)
	<hr/>	<hr/>
As at 31 March 2024	146,836	374,906
	<hr/> <hr/>	<hr/> <hr/>

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair values (continued)

	<i>Unquoted equity securities</i>	
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVPL</i>
	<i>KD</i>	<i>KD</i>
<i>31 December 2023</i>		
As at 1 January 2023	213,510	401,901
Remeasurement recognised in OCI	21,414	-
Remeasurement recognised in profit or loss	-	239,424
	<u>234,924</u>	<u>641,325</u>
As at 31 December 2023	<u>234,924</u>	<u>641,325</u>
	<i>Unquoted equity securities</i>	
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVPL</i>
	<i>KD</i>	<i>KD</i>
<i>31 March 2023</i>		
As at 1 January 2023	213,510	401,901
Remeasurement recognised in profit or loss	-	(42,915)
	<u>213,510</u>	<u>358,986</u>
As at 31 March 2023	<u>213,510</u>	<u>358,986</u>

The valuation techniques and inputs used in this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates.

As at and for the period ended 31 March 2024

For management purposes, the Group organises its operations by geographic regions, primarily Kuwait and KSA.

The table below presents revenue and results and assets and liabilities information regarding the Group's geographic segments. The Group, including associates are primarily engaged in real estate activities and accordingly no separate business segment is presented.

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for the period ended 31 March 2024

13 SEGMENT INFORMATION (continued)

	<i>31 March 2023 (Unaudited)</i>			
	<i>Kuwait KD</i>	<i>KSA KD</i>	<i>Other KD</i>	<i>Total KD</i>
<i>Interim condensed consolidated statement of profit or loss</i>				
Revenues	163,528	4,603,447	(295)	4,766,680
Segment results	(242,674)	2,447,473	(12,408)	2,192,391
<i>Other disclosures</i>				
Depreciation and amortisation	(15,037)	(693,777)	(1,081)	(709,895)
Allowance for expected credit losses	-	(81,513)	-	(81,513)
<i>Interim condensed consolidated statement of financial position</i>				
Total assets	16,190,799	71,569,796	1,047,425	88,808,020
Total liabilities	11,381,974	76,898,964	36,292	88,317,230

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