

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

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

30 JUNE 2025



**Shape the future
with confidence**



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF MUNSHAAT REAL ESTATE PROJECTS COMPANY 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 30 June 2025, and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the six months period ended 30 June 2025 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 organisation of security activity and its executive regulations, as amended, during the six-month period ended 30 June 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

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

7 August 2025
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 30 June 2025

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2025	2024	2025	2024
		KD	KD	KD	KD
Operating revenue	4	6,510,568	6,687,690	11,963,127	11,419,786
Operating costs	4	(3,398,956)	(3,415,400)	(6,665,077)	(6,450,302)
Net results from hotel operations	4	3,111,612	3,272,290	5,298,050	4,969,484
Net income from Sukouk		280,030	90,652	724,621	642,566
Net income from investment properties	6.b	311,436	240,234	612,659	556,093
Income from wakala receivables		11,885	16,045	37,116	16,554
Unrealised gain (loss) from financial assets at fair value through profit or loss		20,695	(286,422)	47,006	(272,718)
Share of results of associates	7	942,026	414,265	2,351,599	1,458,928
Dividend income		-	12,725	-	23,045
Other income		96,793	27,860	269,418	27,860
General and administrative expenses		(308,973)	(265,868)	(599,358)	(534,380)
Depreciation of furniture and equipment		(13,205)	(14,553)	(26,407)	(29,122)
Management fees	8	169,451	183,181	374,460	347,223
Finance costs on Islamic finance payables	8	(446,704)	(540,071)	(897,056)	(1,082,612)
Finance costs on lease obligations		(206,482)	(214,683)	(415,159)	(429,273)
Finance costs arising on the unwinding of discount on long-term provisions and liabilities		(43,264)	(88,444)	(90,230)	(179,769)
Net foreign exchange differences		(408,673)	(94,435)	(370,768)	(46,255)
Reversal of (allowance for) expected credit losses - net		11,548	14,184	12,407	(39,829)
PROFIT BEFORE TAX		3,528,175	2,766,960	7,328,358	5,427,795
Overseas taxation		(44,982)	(6,112)	(45,068)	(12,260)
KFAS		(21,657)	-	(47,955)	-
National Labour Support Tax ("NLST")		(84,763)	(37,518)	(161,288)	(87,839)
Zakat		(33,905)	(15,007)	(64,515)	(35,136)
PROFIT FOR THE PERIOD		3,342,868	2,708,323	7,009,532	5,292,560
Attributable to:					
Equity holders of the Parent Company		3,075,363	2,269,926	6,395,448	4,687,635
Non-controlling interests		267,505	438,397	614,084	604,925
PROFIT FOR THE PERIOD		3,342,868	2,708,323	7,009,532	5,292,560
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	5	9.55 Fils	7.05 Fils	19.86 Fils	14.56 Fils

The attached notes 1 to 12 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 30 June 2025

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	3,342,868	2,708,323	7,009,532	5,292,560
Other comprehensive income (loss)				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	244,613	58,697	221,126	(32,758)
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	244,613	58,697	221,126	(32,758)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>				
Net gain on equity instruments at FVOCI	22,825	22,684	126,787	18,227
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	22,825	22,684	126,787	18,227
Other comprehensive income (loss) for the period	267,438	81,381	347,913	(14,531)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,610,306	2,789,704	7,357,445	5,278,029
Attributable to:				
Equity holders of the Parent Company	3,243,483	2,325,567	6,653,970	4,670,285
Non-controlling interests	366,823	464,137	703,475	607,744
	3,610,306	2,789,704	7,357,445	5,278,029

The attached notes 1 to 12 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 30 June 2025

		30 June 2025 KD	(Audited) 31 December 2024 KD	30 June 2024 KD
ASSETS				
Non-current assets				
Furniture and equipment		167,179	193,437	212,286
Right-of-use asset	6.a	40,552,008	42,163,382	43,079,166
Investment properties	6.b	11,872,377	11,995,360	12,024,615
Investment in associates	7	16,512,791	14,169,991	17,729,300
Investment securities		613,084	491,996	473,966
		<u>69,717,439</u>	<u>69,014,166</u>	<u>73,519,333</u>
Current assets				
Accounts receivable and prepayments		12,413,609	7,929,583	8,607,640
Trading properties		376,454	376,454	547,729
Wakala receivable		650,000	600,000	600,000
Bank balances and cash		6,035,941	7,091,211	5,161,171
		<u>19,476,004</u>	<u>15,997,248</u>	<u>14,916,540</u>
TOTAL ASSETS		<u><u>89,193,443</u></u>	<u><u>85,011,414</u></u>	<u><u>88,435,873</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital	9	32,200,000	32,200,000	32,200,000
Other reserve		(309,291)	(309,291)	(309,291)
Fair value reserve		(1,848,679)	(1,975,466)	(1,922,610)
Foreign currency translation reserve		(390,359)	(522,094)	(431,397)
Retained earnings/ (Accumulated losses)		6,228,682	(166,766)	(1,381,865)
Equity attributable to equity holders of the Parent Company		<u>35,880,353</u>	<u>29,226,383</u>	<u>28,154,837</u>
Non-controlling interests		(9,474,876)	(10,178,351)	(10,216,099)
Total equity		<u>26,405,477</u>	<u>19,048,032</u>	<u>17,938,738</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		812,072	764,698	719,462
Islamic finance payables	10	27,985,127	27,985,100	32,721,040
Obligations under finance lease		11,733,661	12,756,762	12,292,463
Accounts payable and accruals		4,619,595	4,662,153	6,775,011
		<u>45,150,455</u>	<u>46,168,713</u>	<u>52,507,976</u>
Current liabilities				
Islamic finance payables	10	4,735,945	4,735,940	4,735,940
Obligations under finance lease		1,338,560	1,350,560	1,344,320
Accounts payable and accruals		11,563,006	13,708,169	11,908,899
		<u>17,637,511</u>	<u>19,794,669</u>	<u>17,989,159</u>
Total liabilities		<u>62,787,966</u>	<u>65,963,382</u>	<u>70,497,135</u>
TOTAL EQUITY AND LIABILITIES		<u><u>89,193,443</u></u>	<u><u>85,011,414</u></u>	<u><u>88,435,873</u></u>


Nawaf Musaid Abdulaziz Al-Osaimi
Chairman


Eisa Najib Abdulmohsen Al Eisa
Chief Executive Officer

The attached notes 1 to 12 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 30 June 2025

	<i>Equity attributable to equity holders of the Parent Company</i>							<i>Total equity KD</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>Retained earnings/ (Accumulated losses) KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	
As at 1 January 2025	32,200,000	(309,291)	(1,975,466)	(522,094)	(166,766)	29,226,383	(10,178,351)	19,048,032
Profit for the period	-	-	-	-	6,395,448	6,395,448	614,084	7,009,532
Other comprehensive income for the period	-	-	126,787	131,735	-	258,522	89,391	347,913
Total comprehensive income for the period	-	-	126,787	131,735	6,395,448	6,653,970	703,475	7,357,445
At 30 June 2025	32,200,000	(309,291)	(1,848,679)	(390,359)	6,228,682	35,880,353	(9,474,876)	26,405,477
As at 1 January 2024	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	-	-	-	-	4,687,635	4,687,635	604,925	5,292,560
Other comprehensive income (loss) for the period	-	-	18,227	(35,577)	-	(17,350)	2,819	(14,531)
Total comprehensive (loss) income for the period	-	-	18,227	(35,577)	4,687,635	4,670,285	607,744	5,278,029
Changes in NCI arising from capital redemption in a subsidiary*	-	-	-	-	-	-	(636,542)	(636,542)
At 30 June 2024	32,200,000	(309,291)	(1,922,610)	(431,397)	(1,381,865)	28,154,837	(10,216,099)	17,938,738

* During the prior period, the Parent Company approved, in its meeting held on 7 March 2024, the redemption of capital previously contributed by the venturers of Al Safwa Joint Venture ("Safwa JV") amounting to KD 1,060,903. As a result, a reduction in non-controlling interests of KD 636,542 was recognised in equity, in accordance with IFRS 10, reflecting the change in ownership interest without loss of control.

The attached notes 1 to 12 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 30 June 2025

	Notes	Six months ended 30 June	
		2025 KD	2024 KD
OPERATING ACTIVITIES			
Profit before tax		7,328,358	5,427,795
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation of right-of-use asset	6a	1,522,143	1,492,634
Valuation loss on investment properties	6b	122,983	81,785
Unrealised gain (loss) from financial assets at fair value through profit or loss		(47,006)	272,718
(Reversal of) allowance for expected credit losses - net		(12,407)	39,829
Income from wakala receivables		(37,116)	(16,554)
Share of results of associates	7	(2,351,599)	(1,458,928)
Depreciation of furniture and equipment		26,407	29,122
Dividend income		-	(23,045)
Finance costs on Islamic finance payables	8	897,056	1,082,612
Finance costs on lease obligations		415,159	429,273
Finance costs arising on the unwinding of discount on long-term provisions and liabilities		90,230	179,769
Net foreign exchange differences		370,768	46,255
Provision for employees' end of service benefits		47,398	39,957
		8,372,374	7,623,222
<i>Working capital changes:</i>			
Accounts receivable and prepayments		(4,486,886)	(3,445,454)
Accounts payable and accruals		(3,096,941)	(3,085,957)
Cash flows from operations		788,547	1,091,811
Employees' end of service benefits paid		-	(17,423)
Taxes paid		(448,834)	(68,255)
Net cash flows from operating activities		339,713	1,006,133
INVESTING ACTIVITIES			
Purchase of furniture and equipment		(655)	(1,442)
Additions to right-of-use asset	6a	(119,485)	(119,570)
Income received from wakala receivables		51,794	4,804
Dividend income received		-	23,045
Net movement in wakala receivables		(50,000)	(600,000)
Proceeds from capital redemption from financial assets at FVTPL, net		-	320,122
Proceeds from capital redemption of financial assets at FVOCI		52,705	97,971
Net cash flows used in investing activities		(65,641)	(275,070)
FINANCING ACTIVITIES			
Net repayment of obligations under finance lease		(1,320,560)	(1,330,028)
Non-controlling interest share of capital redemption of a subsidiary		-	(636,542)
Payment of prior year dividends		(269)	(250)
Net cash flows used in financing activities		(1,320,829)	(1,966,820)
NET INCREASE IN BANK BALANCES AND CASH		(1,046,757)	(1,235,757)
Net foreign exchange difference		(8,513)	(113)
Bank balances and cash 1 January		7,091,211	6,397,041
BANK BALANCES AND CASH AT 30 JUNE		6,035,941	5,161,171

The attached notes 1 to 12 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 30 June 2025

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 six months ended 30 June 2025 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 7 August 2025.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by the shareholders at the annual general assembly meeting (“AGM”) held on 20 April 2025. 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, Mezzanine 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. (the “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 Shari’a principles as approved by the Group’s Fatwa and Shari’a Supervisory Board. The Group is principally engaged real estate activities and operations.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

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 2024.

3 CHANGES TO THE GROUP’S ACCOUNTING POLICIES

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

One amendment applies for the first time in 2025, but did not have an impact on the interim condensed consolidated financial information of the Group.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendment did not have an impact on the interim condensed consolidated financial information of the Group.

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 30 June 2025

4 OPERATING REVENUE AND COSTS

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Operating revenue				
Hotel revenue	6,510,568	6,687,690	11,963,127	11,419,786
Operating costs				
Hotel operating costs	(2,639,129)	(2,669,239)	(5,142,934)	(4,957,668)
Depreciation of right-of-use asset (Note 6.a)	(759,827)	(746,161)	(1,522,143)	(1,492,634)
	(3,398,956)	(3,415,400)	(6,665,077)	(6,450,302)
Net results from hotel operations	3,111,612	3,272,290	5,298,050	4,969,484

5 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</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
Earnings for the period attributable to the equity holders of the Parent Company (KD)	3,075,363	2,269,926	6,395,448	4,687,635
Weighted average number of ordinary shares outstanding during the period (shares)	322,000,000	322,000,000	322,000,000	322,000,000
Basic and diluted EPS (Fils)	9.55	7.05	19.86	14.56

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.

6 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>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2025</i>	<i>31 December</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
At the beginning of the period/year	42,163,382	44,071,154	44,071,154
Depreciation of right-of-use asset (Note 4)	(1,522,143)	(3,010,777)	(1,492,634)
Transferred from inventory*	-	388,069	388,069
Additions	119,485	610,123	119,570
Exchange differences	(208,716)	104,813	(6,993)
At the end of the period/year	40,552,008	42,163,382	43,079,166

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 30 June 2025

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

* In the previous year, sukuks (originally held as inventory) were reclassified to right-of-use asset due to a change in their intended use. This reclassification did not result in the recognition of any gain or loss.

b. Investment properties

	<i>30 June</i> 2025 <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>KD</i>	<i>30 June</i> <i>2024</i> <i>KD</i>
At the beginning of the period/year	11,995,360	12,106,400	12,106,400
Net loss from fair value remeasurement	(122,983)	(111,040)	(81,785)
At the end of the period/year	11,872,377	11,995,360	12,024,615

The fair value of investment properties was independently determined as at 31 December 2024 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 122,983 (30 June 2024: loss of KD 81,785) for the period then ended.

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	2025 <i>KD</i>	<i>2024</i> <i>KD</i>	2025 <i>KD</i>	<i>2024</i> <i>KD</i>
Net loss from fair value remeasurement	(61,333)	(40,885)	(122,983)	(81,785)
Rental income derived from investment properties	372,769	281,119	735,642	637,878
Net income from investment properties	311,436	240,234	612,659	556,093

7 INVESTMENT IN ASSOCIATES

The Group holds interests in associates that are 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>30 June</i> 2025 <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>KD</i>	<i>30 June</i> <i>2024</i> <i>KD</i>
At the beginning of the period/year	14,169,991	16,308,906	16,308,906
Share of results	2,351,599	1,582,008	1,458,928
Capital redemption	-	(3,668,834)	-
Exchange differences	(8,799)	(52,089)	(38,534)
At the end of the period/year	16,512,791	14,169,991	17,729,300

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 30 June 2025

7 INVESTMENT IN ASSOCIATES (continued)

The Group performed an impairment test for its investment in associates during the fourth quarter of the preceding annual reporting period, which concluded that no impairment losses were required. As the assessment was performed at the end of the last annual reporting period, and in the absence of any new indicators of impairment during the current interim reporting period, management believes that there are no triggering events that would necessitate an update to the impairment test in accordance with IAS 36 'Impairment of Assets'.

8 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 following tables provide the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2025 and 2024, as well as balances with related parties as at 30 June 2025, 31 December 2024 and 30 June 2024:

	<i>Major shareholder of the Ultimate Parent Company</i> KD	<i>Associates</i> KD	<i>Major shareholders</i> KD	<i>Other related parties</i> KD	<i>Six months ended 30 June</i>	
					2025 KD	2024 KD
Statement of profit or loss:						
Management fees income	-	253,296	-	121,164	374,460	347,223
Income from wakala receivables	935	-	-	-	935	311
Finance costs	(897,056)	-	-	-	(897,056)	(1,082,612)

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 30 June 2025

8 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>	<i>30 June 2025 KD</i>	<i>(Audited) 31 December 2024 KD</i>	<i>30 June 2024 KD</i>
Statement of financial position:								
Financial asset at FVPL	-	-	-	-	133,042	133,042	86,036	15,150
Financial asset at FVOCI	-	-	318,626	-	128,081	446,707	372,625	425,481
Bank balances and cash	1,975,089	-	-	-	-	1,975,089	2,615,809	2,416,821
Accounts receivable and prepayments, net of provisions	-	1,972	1,971	-	12,122,899	12,126,842	7,294,727	8,145,219
Accounts payable and accruals	-	-	479,308	1,342,457	97,673	1,919,438	1,034,597	341,426
Islamic finance payables	32,721,072	-	-	-	-	32,721,072	32,721,040	37,456,980

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 30 June</i>		<i>Transaction values for period ended 30 June</i>	
	<i>2025 KD</i>	<i>2024 KD</i>	<i>2025 KD</i>	<i>2024 KD</i>
Salaries and short-term benefits	83,065	68,671	168,768	136,679
Post-employment benefits	341,876	370,079	17,029	14,959
	424,941	438,750	185,797	151,638

The Board of Directors of the Parent Company in their meeting held on 20 February 2025 proposed a remuneration to the independent board member of KD 10,000 for the year ended 31 December 2024 (2023: KD 10,000). This proposal was subsequently approved by the shareholders at the annual general assembly meeting (“AGM”) held on 20 April 2025.

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 30 June 2025

9 SHARE CAPITAL

	<i>30 June</i> <i>2025</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>KD</i>	<i>30 June</i> <i>2024</i> <i>KD</i>
Authorised, issued and paid-up share capital consists of 322,000,000 (31 December 2024: 322,000,000 and 30 June 2024: 322,000,000) shares of 100 fils each, paid in cash.	32,200,000	32,200,000	32,200,000

10 ISLAMIC FINANCE PAYABLES

	<i>30 June</i> <i>2025</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>KD</i>	<i>30 June</i> <i>2024</i> <i>KD</i>
Current			
Tawarruq payable	4,735,945	4,735,940	4,735,940
Non-current			
Tawarruq payable	27,985,127	27,985,100	32,721,040
	32,721,072	32,721,040	37,456,980

Islamic finance payables bear a finance cost of 5.50% (31 December 2024: 5.76%; 30 June 2024: 5.78%) per annum and are repayable over a period of 10 years in annual instalments starting from 1 December 2022 and maturing on 1 December 2031, in accordance with the terms of the underlying Islamic financing arrangement.

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.

11 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.

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.

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 30 June 2025

11 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

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>Total KD</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>As at 30 June 2025</i>				
Financial assets at FVOCI	318,626	-	128,081	446,707
Financial assets at FVPL	-	-	166,377	166,377
	<u>318,626</u>	<u>-</u>	<u>294,458</u>	<u>613,084</u>
<i>As at 31 December 2024 (Audited)</i>				
Financial assets at FVOCI	267,114	-	105,511	372,625
Financial assets at FVPL	-	-	119,371	119,371
	<u>267,114</u>	<u>-</u>	<u>224,882</u>	<u>491,996</u>
<i>As at 30 June 2024</i>				
Financial assets at FVOCI	264,990	-	160,491	425,481
Financial assets at FVPL	-	-	48,485	48,485
	<u>264,990</u>	<u>-</u>	<u>208,976</u>	<u>473,966</u>

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>30 June 2025</i>	<i>Unquoted equity securities</i>		<i>Total KD</i>
	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVPL KD</i>	
As at 1 January 2025	105,511	119,371	224,882
Remeasurement recognised in OCI	75,275	-	75,275
Remeasurement recognised in profit or loss	-	47,006	47,006
Redemptions	(52,705)	-	(52,705)
As at 30 June 2025	128,081	166,377	294,458

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 30 June 2025

11 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair values (continued)

<i>31 December 2024 (Audited)</i>	<i>Unquoted equity securities</i>		
	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVPL KD</i>	<i>Total KD</i>
As at 1 January 2024	234,924	641,325	876,249
Remeasurement recognised in OCI	(31,442)	-	(31,442)
Remeasurement recognised in profit or loss	-	(201,831)	(201,831)
Redemptions	(97,971)	(320,123)	(418,094)
As at 31 December 2024	<u>105,511</u>	<u>119,371</u>	<u>224,882</u>

<i>30 June 2024</i>	<i>Unquoted equity securities</i>		
	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVPL KD</i>	<i>Total KD</i>
As at 1 January 2024	234,924	641,325	876,249
Remeasurement recognised in OCI	23,538	-	
Remeasurement recognised in profit or loss	-	(272,718)	(249,180)
Redemptions	(97,971)	(320,122)	(418,093)
As at 30 June 2024	<u>160,491</u>	<u>48,485</u>	<u>208,976</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 2024.

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.

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 30 June 2025

12 SEGMENT INFORMATION

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.

	30 June 2025 (Unaudited)			
	Kuwait KD	KSA KD	Other KD	Total KD
Interim condensed consolidated statement of profit or loss				
Revenues	400,395	13,423,228	11,343	13,834,966
Segment results	(393,087)	7,431,543	(28,924)	7,009,532
Other disclosures				
Depreciation and amortisation	(25,713)	(1,522,144)	(694)	(1,548,551)
Reversal of expected credit losses	-	12,407	-	12,407
Interim condensed consolidated statement of financial position				
Total assets	7,638,942	80,885,149	669,352	89,193,443
Total liabilities	7,828,825	54,952,318	6,823	62,787,966
	31 December 2024 (Audited)			
	Kuwait KD	KSA KD	Other KD	Total KD
Consolidated statement of profit or loss				
Revenues	733,814	20,885,943	42,101	21,661,858
Segment results	(1,117,323)	7,998,465	(288,398)	6,592,744
Other disclosures				
Depreciation and amortisation	(49,839)	(3,015,655)	(1,862)	(3,067,356)
Reversal of (allowance for) provision for expected credit losses - net	5,212	(57,262)	-	(52,050)
Consolidated statement of financial position				
Total assets	6,917,264	77,414,632	679,518	85,011,414
Total liabilities	8,199,298	58,133,952	(369,868)	65,963,382

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 30 June 2025

12 SEGMENT INFORMATION (continued)

	30 June 2024 (Unaudited)			Total KD
	Kuwait KD	KSA KD	Other KD	
<i>Interim condensed consolidated statement of profit or loss</i>				
Revenues	379,438	12,677,526	7,043	13,064,007
Segment results	(516,240)	5,830,308	(21,508)	5,292,560
<i>Other disclosures</i>				
Depreciation and amortisation	(24,794)	(1,495,889)	(1,073)	(1,521,756)
Reversal of (allowance for) expected credit losses	17,490	(57,319)	-	(39,829)
<i>Interim condensed consolidated statement of financial position</i>				
Total assets	6,457,885	81,105,278	872,710	88,435,873
Total liabilities	6,639,052	63,832,263	25,820	70,497,135