



SALHIA

Annual Report  
2025



H. H. SHEIKH

**MESHAL AL-AHMAD AL-JABER AL-SABAH**

THE AMIR OF THE STATE OF KUWAIT



H. H. SHEIKH

**SABAH KHALED AL-HAMAD AL-SABAH**

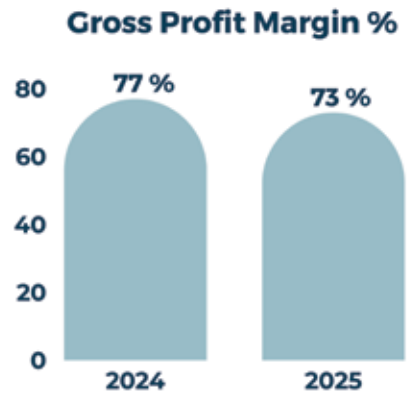
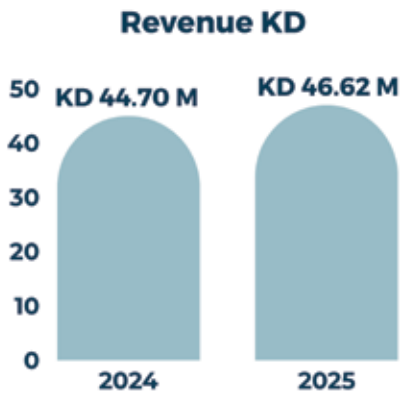
CROWN PRINCE OF THE STATE OF KUWAIT

# INTRODUCTION

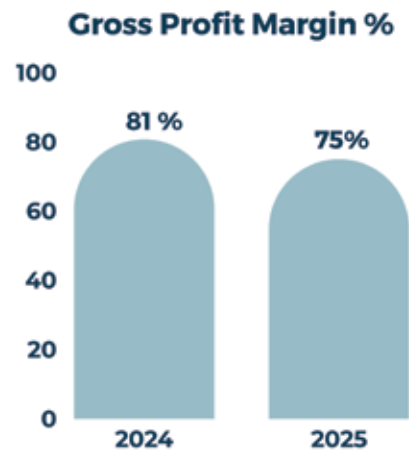
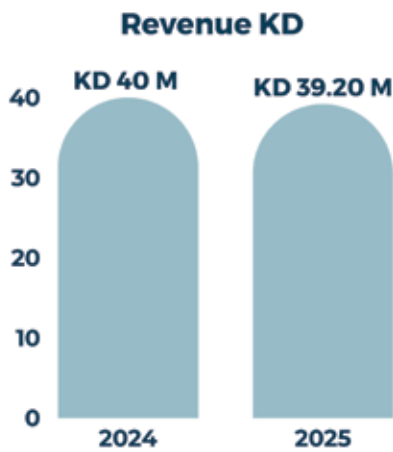
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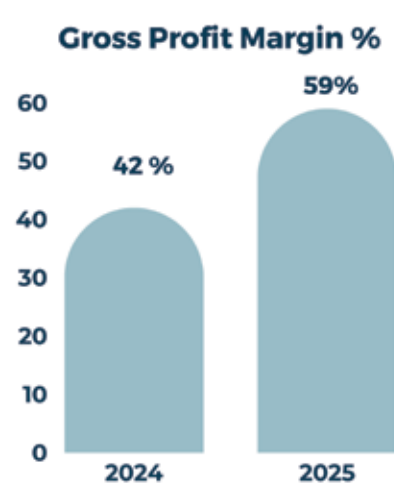
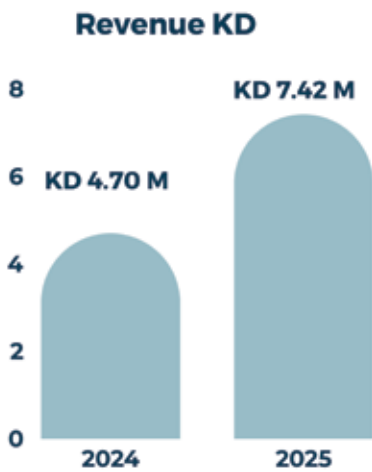
### Performance Ratios - The Group



### Performance Ratios - Real Estate



### Performance Ratios - Hospitality

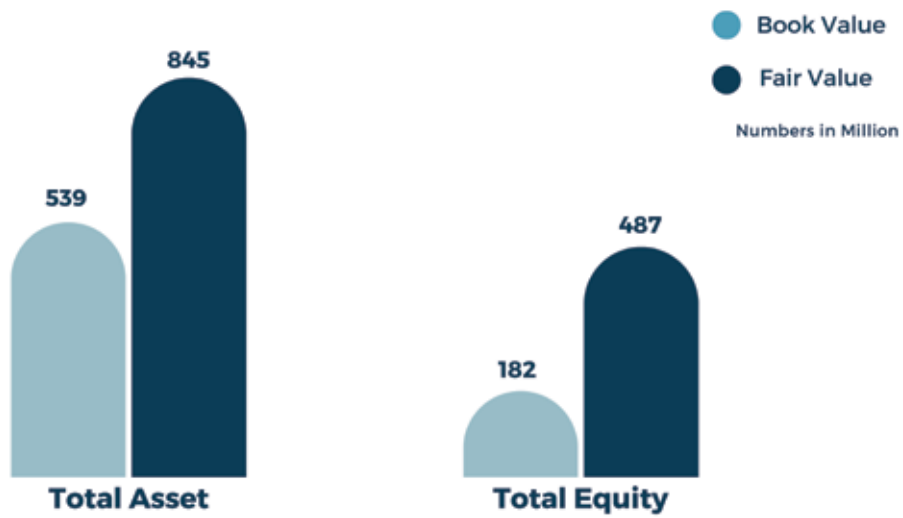




### Performance Indicators



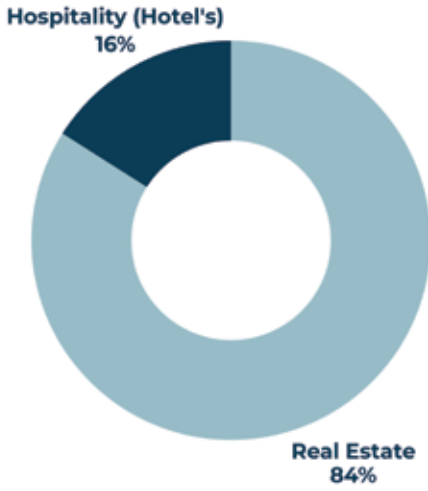
### Book Value Vs Fair Market Value 2025



### Total Asset to Total Equity Comparison 2016 - 2024



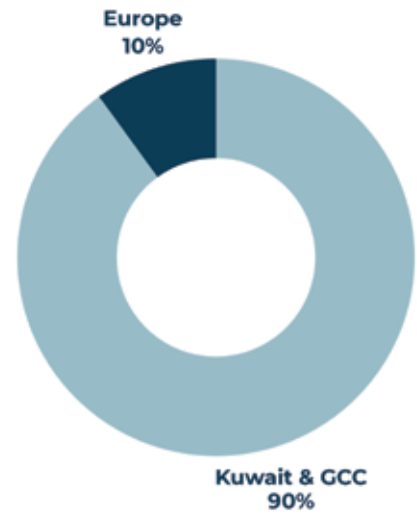
### Segmental Revenue Information 2025



### Geographical Revenue Information 2025

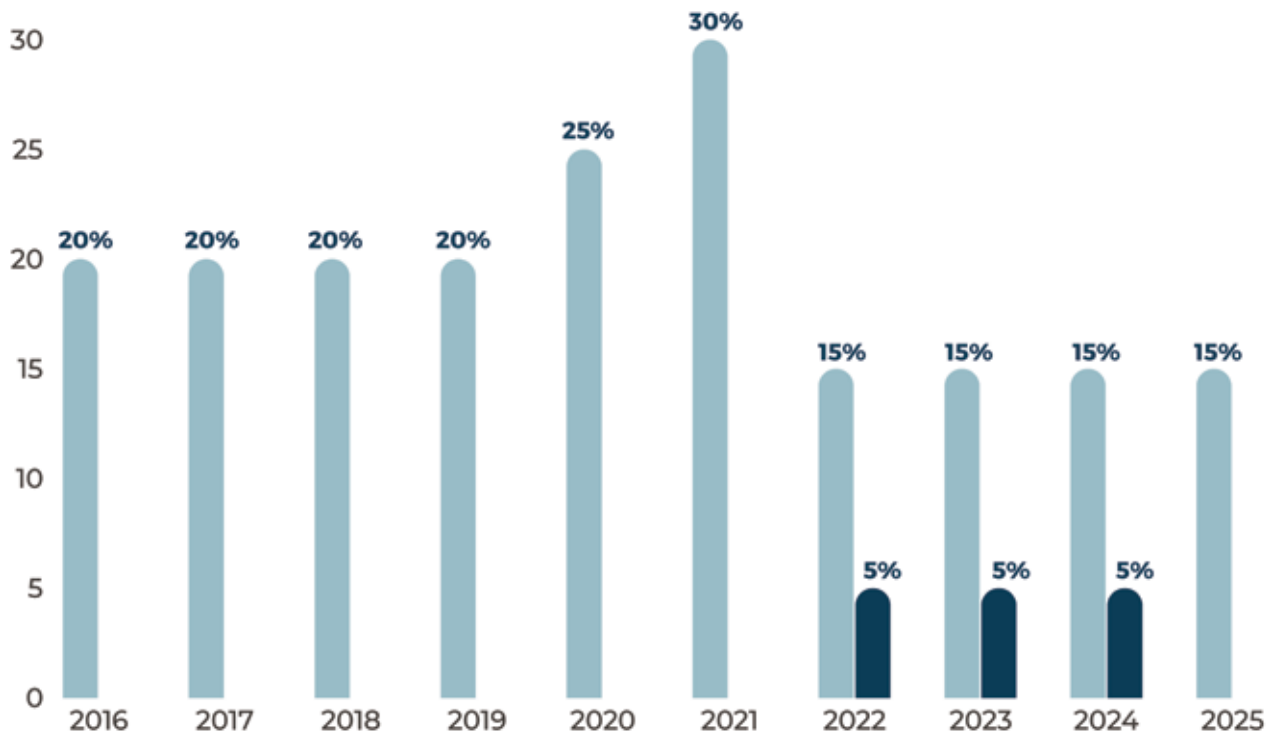


### Geographical Asset Information 2025



### Ten Years Dividend Distribution 2016 to 2025

● Cash Dividend ● Bonus Share







## BOARD MEMBERS

**Ghazi Fahad Alnafisi**  
Chairman

**Faisal Abdulmohsen Al-Khatrash**  
Vice Chairman

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

**Anwar Abdulaziz Al-Usaimi**  
Board Member

**Yousef Eissa Al-Othman**  
Board Member

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

**Marzouq Fajhan Al-Mutairi**  
Board Member

**Saud Ahmad Al-Zabin**  
Board Member

**Mohammad Khalil Al-Musaibeeh**  
Board Secretary

## EXECUTIVE MANAGEMENT

**Abdulaziz Ghazi Alnafisi**  
Chief Executive Officer

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

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

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

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

**Ahmed Quraish**  
Project Property Development Manager

**Faisal Khalid Binsalamah**  
Group Property Manager

**Abulyazid Abdelgaber Eladly**  
Group Accounting Manager

**Mohamad Iskandar Alam**  
Group Property Facilities Manager

# CHAIRMAN'S STATEMENT



## **Dear Shareholders of Salhia Real Estate Company,**

It is my pleasure, on behalf of myself and my fellow members of the Board of Directors and Executive Management of Salhia Real Estate Company, to extend our sincere thanks and appreciation for your continued trust and unwavering support of your Company. Your support represents the cornerstone of sustaining our operations and achieving our long-term aspirations. We are also pleased to present to you the Annual Report, including a summary of our activities and the financial results of Salhia Real Estate Company for the fiscal year ended 31 December 2025.

This year marked a pivotal period for the economy of Kuwait, and the real estate sector in particular, as challenges and opportunities converged, requiring greater agility and disciplined management of resources. Through its strategic direction and the focused execution of its plans, Salhia delivered tangible and positive results during 2025. The Company continued to realize its targeted growth and development objectives for the benefit of its partners, shareholders, and all stakeholders, driven by its clear vision and ambitious strategy, particularly in advancing its real estate development portfolio both locally and internationally.

## **Operating Environment**

During 2025, the operating environment in Kuwait remained relatively stable, supported by the government's continued commitment to prudent fiscal policies and its balanced approach toward managing public spending while sustaining economic momentum. At the same time, ongoing efforts to diversify income sources and strengthen private sector participation contributed to improving the overall business climate and reinforcing investor confidence, despite the persistence of certain challenges arising from global economic uncertainties.



On the monetary front, Central Bank of Kuwait maintained a cautious approach aimed at preserving monetary and financial stability. Although interest rate reductions were introduced over the past year, rates have remained relatively elevated, presenting challenges for the real estate sector, particularly in terms of financing costs. At the same time, this environment has reinforced the importance of financial discipline and a continued focus on projects with strong economic fundamentals and stable cash flow generation.

The real estate sector, meanwhile, demonstrated notable resilience throughout the year, despite varying performance across its different segments. Demand for investment residential properties remained supported by ongoing population growth, while the commercial and office sectors witnessed an evolution in demand dynamics, with increasing preference for flexible spaces and integrated solutions. In parallel, regulatory authorities continued to strengthen governance and oversight frameworks, with greater emphasis on transparency and sustainability, contributing to the continued maturation and institutional advancement of listed companies.

## Annual Company Performance

The operating landscape in Kuwait clearly underscores that we are part of a market rich with opportunity for those with clear vision and the ability to adapt. At your Company, we continue to execute a balanced strategy focused on diversifying our asset portfolio, enhancing operational efficiency, and maintaining a strong financial position, while actively pursuing opportunities across both local and international markets.

The Company has also made meaningful progress in advancing the expansion of Salhia Complex. Initial designs and development concepts have been reviewed, with the project envisioned to include retail, dining, and entertainment spaces across the ground, mezzanine, and upper retail levels, in addition to several floors of modern office space. The development will also feature luxury residential apartments offering distinctive panoramic views of the city. In parallel, plans are underway to redevelop the Anwar Al-Sabah parking structure in alignment with the project's broader vision, and the Company is currently in the final stages of obtaining the necessary governmental approvals to secure the project's final license.

The Company affirms that its development vision is being pursued in collaboration with leading international and local consulting and engineering firms specializing in this field. Implementation will be undertaken either independently or through strategic partnerships and collaborations with relevant parties. In this regard, an initial agreement has been signed for the sale of Plot No. (2) within the expansion project of Salhia Complex for a total value of KD 19,740,000, with an expected profit of KD 3,853,606 to be realized upon completion of the ownership transfer procedures.

In addition, Salhia Real Estate Company achieved several key milestones that further strengthened its financial position and reaffirmed the attractiveness and quality of its real estate portfolio. Its subsidiary, Assima Real Estate Company, signed a landmark agreement with Kuwait Telecommunications Company (stc) to lease approximately 14,688 square meters of office space across 12 floors, from the 7th through the 18th floors, at Assima Tower, which will serve as stc's headquarters. This agreement is expected to make a meaningful contribution to the Company's recurring revenue in the periods ahead.

Following your renewed confidence in the Board of Directors at the previous Annual General Meeting for a further three-year term, the Board has established a number of specialized committees aligned with the expertise of its members. These committees have been formed to support the Board and the Executive Management of Salhia Real Estate Company in carrying out their responsibilities more effectively, while also fulfilling corporate governance requirements and upholding the highest standards of transparency and integrity. This framework ensures operational efficiency and strengthens oversight, guidance, and sound decision-making across the Company.

## Reopening of JW Marriott Hotel after redevelopment

Following the comprehensive expansion and enhancements carried out at Salhia Complex, including the extension toward the new main entrance on Abdulaziz Al Saqer St. and the installation of the complex's striking new façades, the company proudly announced the soft opening of the JW Marriott Hotel last November. This milestone marks the completion of a thorough renovation of all hotel facilities, elevating the guest experience to levels of luxury and distinction.

This remarkable achievement reflects Salhia Real Estate Company's substantial investment and reaffirms the hotel's distinguished status as one of Kuwait's foremost destinations for luxury hospitality.

## Financial Performance

Regarding the company's financial performance for the year 2025, the company achieved a net profit of KD 6.1 million, with earnings per share of 10.2 fils, compared with a net profit of KD 12.6 million and earnings per share of 20.9 fils in 2024.

Total assets for 2025 grew 4% to KD 539.4 million, up from KD 517.8 million in the previous year. Shareholders' equity remained largely stable at KD 182 million, compared with KD 182.6 million in 2024, while total liabilities increased to KD 357.6 million, up from KD 335 million.

Operating revenues rose by 4.3% to KD 46.6 million, compared with KD 44.7 million in 2024, while operating profit amounted to KD 33.8 million, slightly below KD 34.4 million recorded in the previous year. It should be noted that all the financial figures above are reported at historical cost for the fiscal year ended 31 December 2025.

With respect to the market value of total assets, including those independently appraised by professional valuers at year-end, the total stood at KD 845 million. Accordingly, shareholders' equity, including the asset revaluation surplus, reached approximately KD 487 million, raising the book value per share based on fair value to 808 fils per share.



## Board of Directors' Recommendations

The Board of Directors has proposed not to distribute any remuneration to the Chairman or members of the Board for the fiscal year ended 31 December 2025, compared with KD 120,000 in 2024, subject to approval by the Company's Annual General Meeting of shareholders.

The Board also approved the recommendation to distribute cash dividends at a rate of 15%, equivalent to 15 fils per share for 2025, compared with 15% cash dividends and 5% bonus shares distributed in 2024. This proposal is subject to the approval of the Annual General Meeting of shareholders registered in the Company's records at the end of the entitlement date.

The proposed cash dividends exceed the net profit achieved for the year ended 31 December 2025, with the Company utilizing a portion of retained earnings to cover the distribution. This reflects the Board's steadfast commitment to maximizing shareholder returns and honoring their trust and expectations through a consistent and stable dividend policy that the Company has maintained over many years. The Company remains dedicated to sharing its success with shareholders as key partners in growth and sustainability, while preserving financial capacity to support future growth and expansion plans, thereby creating sustainable value for all stakeholders.

### Dear Esteemed Shareholders,

In conclusion, we extend our sincere thanks and appreciation to the members of the Board of Directors, the executive team, and all employees across the Company's departments. We reaffirm that the Company remains committed to executing a balanced strategy aimed at achieving sustainable growth, delivering attractive returns, enhancing shareholder value, and safeguarding shareholder rights, while upholding the highest standards of governance and corporate responsibility. Your trust is our true capital, and we look forward to continuing this journey with steadfast determination in the years ahead.

May God grant us success in serving this generous country under the leadership of His Highness the Amir of the State of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, and His Highness the Crown Prince, Sheikh Sabah Khaled Al-Hamad Al-Sabah, to whom we extend our deepest gratitude and highest respect.

May God protect Kuwait and its people from all harm, and we wish everyone continued health, well-being, and unity in elevating the prosperity of our beloved nation.

With utmost respect

**Ghazi Fahad Alnafisi**

Chairman



# CORPORATE GOVERNANCE REPORT



## Formation of the Board of Directors

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

Name	Member's Classification (Executive/ Non-executive Independent), Secretary	Date of Election/Appointment of the Secretary
<b>Ghazi Fahad Alnafisi</b> Chairman	Non-Executive	17/4/2025
<b>Faisal Abdulmohsen Al-Khatrash</b> Vice Chairman	Non-Executive	17/4/2025
<b>Anwar Abdulaziz Al-Usaimi</b> Board Member	Non-Executive	17/4/2025
<b>Abdulaziz Ghazi Alnafisi</b> Board Member Chief Executive Officer	Executive	17/4/2025
<b>Youssef Eissa Al-Othman</b> Board Member	Non-Executive	17/4/2025
<b>Abdulrahman Abdulaziz Al-Babtain</b> Board Member	Independent	17/4/2025
<b>Marzouq Fajhan Al-Mutairi</b> Board Member	Independent	17/4/2025
<b>Saud Ahmad Al-Zabin</b> Board Member	Non-Executive	17/4/2025
<b>Mohammad Khalil Al-Musaibeeh</b>	Secretary	12/5/2014



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

### Mr. Ghazi Fahad Alnafisi - Chairman

Mr. Ghazi Alnafisi is a founding member of Salhia Real Estate Company since its establishment back in 1974. He is a holder of Aviation Engineering Diploma from Chelsea College for Aeronautical Engineering - London - Britain, June 1965. His tenure as the chairman of Salhia Real Estate Company was renewed on 17/04/2025, and he is currently holding the post of chairman of the executive committee in the Company. Mr. Ghazi Alnafisi has been presiding over the board of directors of Kuwait Hotel Owners Association since 1979 till this date. Moreover, he is a founding member of the Petroleum Independent Group, founded in 1975, where he holds the post of vice-chairman. In 2017, Mr. Ghazi Alnafisi was appointed as chief executive officer for Assima Real Estate Company.

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

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

Mr. Faisal Al-Khatrash has assumed the position of Vice Chairman of Salhia Real Estate Company since 1981, and his tenure was renewed at the last elections of the Board of Directors on 17/04/2025.

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

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

Mr. Anwar Al-Usaimi joined the Board of Directors of Salhia Real Estate Company in 1981 and assumed the post of Chief Executive Officer of the Company from 1997 to 2022. He was re-elected as a Board member on 17/04/2025. Moreover, he is currently a member of the Company's Nominations and Remunerations Committee, the Executive Committee, and the Risk Management and Internal Audit Committee.

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



## **Mr. Abdulaziz Ghazi Alnafisi - Board Member (Chief Executive Officer)**

Mr. Abdulaziz Alnafisi joined the Board of Directors of Salhia Real Estate Company in 2005. He is currently assuming the post of Chief Executive Officer of the Company, and was re-elected to the Board membership on 17/04/2025, and is currently a member of the Executive Committee in the Company.

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

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

## **Mr. Yousef Essa Al-Othman - Board Member**

Mr. Yousef Al-Othman joined the Board of Directors of Salhia Real Estate Company in 1992. He was re-elected to the Board membership on 17/04/2025. Currently, he assumes the post of Chairman of the Risk Management and Internal Audit Committee as well as the Nominations and Remunerations Committee in the Company.

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

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

Mr. Abdulrahman Al-Babtain joined the Board of Directors of Salhia Real Estate Company in 2010. He was re-elected to the Board membership on 17/04/2025 and is currently a member of the Risk Management and Internal Audit Committee in the Company.

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



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

Mr. Marzouk Al-Mutairi joined the Board of Directors of Salhia Real Estate Company in 2002. He was re-elected to the Board membership on 17/04/2025 and is currently a member of the Nominations and Remunerations Committee and the Risk Management and Internal Audit Committee in the Company.

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

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

Mr. Saud Al-Zabin joined the Board of Directors of Salhia Real Estate Company in 2013. He was re-elected to the membership of the Board on 17/04/2025.

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

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

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

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

## Members' Attendance of the Board Meetings

The board of directors of Salhia Real Estate Company held (9) meetings during the year 2025. The table below reflects the details of those meetings and the number of meetings attended by each board member:

Member's Name	Meeting No. (1/2025) Dated 16/01/2025	Meeting No. (2/2025) Dated 03/03/2025	Meeting No. (3/2025) Dated 23/03/2025	Meeting No. (4/2025) Dated 17/04/2025	Meeting No. (5/2025) Dated 14/05/2025	Resolution by circulation Dated 19/06/2025	Meeting No. (6/2025) Dated 23/06/2025	Meeting No. (7/2025) Dated 11/08/2025	Meeting No. (8/2025) Dated 11/11/2025	Number of Meetings
<b>Ghazi Alnafisi</b> Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
<b>Faisal Al-Khatrash</b> Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✗	8
<b>Anwar Al-Usaimi</b> Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
<b>Abdulaziz Alnafisi</b> Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
<b>Youssef Al-Othman</b> Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
<b>Abdulrahman Al-Babtain</b> Member - Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
<b>Marzouq Al-Mutairi</b> Member - Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
<b>Saud Al-Zabin</b> Member	✓	✓	✓	✓	✓	✓	✓	✓	✗	8

\* Symbol (✓) is inserted if the Board Member attended the meeting.

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

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

Board and committee members are provided with the agenda, supported by the relevant documents, sufficiently in advance to allow adequate time to review and study the agenda items.

Minutes of meetings are signed by all attendees. Minutes of circular resolutions (passed by circulation) are signed by all members. The Secretary is responsible for ensuring proper coordination and the effective distribution of information among members and with other relevant stakeholders.



## Board of Directors Business Charter

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

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

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

The Board of Directors has approved a comprehensive Operations Manual, including the policies and procedures that govern the work of all departments and executive teams across the Company. Each Work Manual contains all the duties performed by each Executive Department in detail as per the strategic objectives set by the Board of Directors and the Internal Regulations of the Company. Moreover, such policies explain all obligations of the Executive Department and the Executive Officer considering the responsibilities entrusted to them by the Company's Board of Directors.



## Board of Directors Achievements During Year 2025

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

- 1- Discussion and approval of the annual work plan for the company's Board of Directors meetings.
- 2- Approved the Company's annual reports on Corporate Governance, Remuneration, Audit Committee, and Corporate Social Responsibility for Salhia Real Estate Co.
- 3- Conducted periodic reviews of forecasted financial results and compared them with issued financial statements.
- 4- Approved the interim and annual financial statements.
- 5- Recommended to the Company's General Assembly to approve the cash dividends and bonus shares to the shareholders.
- 6- Recommended the allocating of Kuwait Dinar 100,000 for donations in the upcoming year.
- 7- Followed up all legal cases of the Company and met with the Company's legal advisors to know about the status of all lawsuits.
- 8- Supervised the process of evaluating the performance of the law firms and external legal advisors servicing Salhia Real Estate Company, and approved the evaluation results and endorsed the necessary recommendations.
- 9- Approved the reappointment of the Company's external auditor namely M/s. Al-Aiban & Al-Osaimi Office "Ernst & Young".
- 10- Reviewed the Management's presentation on the success of supporting the Company's share and the increase in its trading volume at the Kuwait Stock Exchange during the past year and upgraded the Company's share to the Primary Exchange Market.
- 11- Endorsed the bank facilities and joint guarantees necessary for the Assima project.
- 12- Continued lending support to the strategy of the Company's Management aiming at realizing the required liquidity size for trading the Company's shares listed on the Stock Exchange.
- 13- Endorsed the amendments of some policies and procedures approved previously by the Board of Directors of Salhia Real Estate Company.
- 14- Approved the Integrated Report on the business of Salhia Real Estate Company.



- 15- Held periodic meetings with Risk Management officials and the consulting office to review and discuss the outcomes of the various stages of the risk management assessment process.
- 16- Endorsed the register of the procedures for following up the Risk Department, which are acceptable to Salhia Real Estate Company.
- 17- Performed general supervision on applying the rules of Corporate Governance and the Internal Control procedures effectively within the Company.
- 18- Reviewed the recommendations issued by the Audit Committee, and the results of discussing the internal audit reports, and also examined the summary of results of the Committee's works.
- 19- Reviewed the reports and recommendations issued by the Nomination and Remunerations Committee and supervised the works of the Committee on the process of the annual evaluation of members of both the Board of Directors and the Executive Management.
- 20- Endorsed the minutes of meetings and decisions issued by the Executive Committee regarding the activities of the Company's Departments.
- 21- Participated in a training course titled "Leading the Sustainable Future", prepared and conducted by "Seattle International Training Institute".
- 22- Discussed and followed up the latest developments of the Assima project, and the progress of the leasing activities.
- 23- Followed up on the latest developments related to Salhia Complex expansion project (formerly Anwar Al-Sabah).
- 24- Approved the offer submitted for the purchase of Plot No. (2) within the Salhia Complex expansion project.
- 25- Approved the increase of an existing Murabaha limit with an Islamic bank by KWD 20 million, together with the restructuring of the current outstanding debt.
- 26- Approved the call of Salhia International Entertainment Centers Company's unpaid portion of the share capital
- 27- Elected the Chairman and Vice Chairman of Salhia Real Estate Company for the upcoming three-year term.
- 28- Approved the reconstitution of the committees of the Board of Directors of Salhia Real Estate Company.
- 29- Reviewed the roles, responsibilities, and authorities of the Chairman.
- 30- Approved the restructuring of an existing credit facility limit of Kuwaiti Dinar 75 million between Assima Real Estate Company and an Islamic bank, with Salhia Real Estate Company acting as guarantor to the agreement.



31- Approved an Islamic Tawarruq agreement in the amount of Kuwaiti Dinar 10 million between Assima Real Estate Company and an Islamic bank, with Salhia Real Estate Company acting as guarantor to the agreement.

32- Reviewed the Internal Audit performance review and evaluation report covering the three-year period (2022–2024).

33- Reviewed the Company's agreement with Marriott International regarding the fees reduction.

34- Discussed the latest developments of Lolworth Developments Ltd. Real Estate Development Company in the United Kingdom.

## Committees Emanating from the Board of Directors

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

### First: Risk Management and Internal Audit Committee

#### Committee Duties

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

#### Committee Formation

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



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

Members of Risk Management and Internal Audit Committee			Formation Date
Committee Chairman	Mr. Youssef Issa Al-Othman	Board Member (Non-Executive)	17/4/2025
Committee Member	Mr. Anwar Abdulaziz Al-Usaimi	Board Member (Non-Executive)	17/4/2025
Committee Member	Mr. Marzouq Fajhan Al-Mutairi	Board Member (Independent)	17/4/2025
Committee Member	Mr. Abdulrahman Abdulaziz Al-Babtain	Board Member (Independent)	17/4/2025

The committee has held (9) meetings during year 2025, and its key achievements are mentioned below:

- 1- Endorsed the annual Internal Audit plan for the Company's departments and groups during the year.
- 2- Reviewed the annual and quarterly financial statements of Salhia Real Estate Company and discussed them with the External Auditor.
- 3- Reviewed the Internal Auditor's reports on the Company's groups and departments and responded to the remarks stated in these reports.
- 4- Recommended reappointment of the Company's External Auditor and nominated M/s. Al-Aiban and Al-Osaimi Office "Ernst & Young".
- 5- Endorsed the annual performance evaluation of the Company's Internal Auditor and External auditor.
- 6- Endorsed the report of evaluating and reviewing the Internal Control Systems (ICR) of Salhia Real Estate Company.
- 7- Discussed regularly the register of reviewing the procedures of Risk Management in the Company.
- 8- Reviewed the summary of the lawsuit and legal actions related to Salhia Real Estate Company.
- 9- Prepared the annual report on the Committee's activity and listed it among agenda items for the Company's annual General Assembly.
- 10- Approved the Company's Risk Strategy, Risk Management Framework, Risk Registers, and the Risk Appetite and Risk Tolerance Level Statement.
- 11- Approved the proposed work plan of the Audit and Risk Management Committee for the upcoming year.
- 12- Reviewed the Internal Audit performance review and evaluation report covering the three-year period (2022–2024).
- 13- Reviewed the proposed amendments to the Human Resources and Administration Policies and Procedures Manual.
- 14- Reviewed the proposed amendments to the organizational structure and job descriptions within Salhia Real Estate Company.

## Second: Nominations and Remunerations Committee

### Committee Duties:

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

### Committee Formation:

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

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

Members of the Nominations and Remunerations Committee			Formation Date
Committee Chairman	Mr. Youssef Issa Al-Othman	Board Member (Non-Executive)	17/4/2025
Committee Member	Mr. Anwar Abdulaziz Al-Usaimi	Board Member (Non-Executive)	17/4/2025
Committee Member	Mr. Marzouq Fajhan Al-Mutairi	Board Member (Independent)	17/4/2025

The Committee has held (3) meetings during the year 2025, and its key achievements are outlined here below:

1- Supervised the annual performance evaluation process of the Board of Directors, Executive Management, and the Company's employees.

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



- 3- Discussed the remunerations for the Board Chairman, the Board members and the subordinate Committees, and submitted recommendations to the Board of Directors to endorse the same.
- 4- Submitted the necessary recommendations to the Board of Directors regarding the remunerations for the Chief Executive Officer, the members of the Executive Department and the Company's employees.
- 5- Prepared the annual report together for all remunerations granted within the Company and listed the same among the agenda items for the Company's General Assembly.
- 6- Approved the Annual Corporate Governance Report.
- 7- Sanctioned the results of applying the Key Performance Indicators (KPIs) prepared by the Al-Soor Consulting Office on evaluating the performance of the Company's Executive Management on an annual basis, and furnished recommendations on the same to the Board of Directors.
- 8- Reviewed the applications submitted for membership on the Board of Directors of Salhia Real Estate Company for the 2025–2027 term, ensuring alignment with Board eligibility requirements and the Corporate Governance Rules issued by the Capital Markets Authority, and confirming that the candidates meet the required standards of integrity, competence, and professional suitability.
- 9- Discussed the implementation of the integrity and financial soundness criteria required for members of the Executive Management of Salhia Real Estate Company, in accordance with the Corporate Governance Rules issued by the Capital Markets Authority.

### **Third: Executive Committee of the Board of Directors**

#### **Committee Duties:**

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

#### **Committee Formation**

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

Members of Executive Committee			Formation Date
Committee Chairman	Mr./ Ghazi Fahad Alnafisi	Board Chairman (Non-Executive)	17/4/2025
Committee Member	Mr./ Anwar Abdulaziz Al-Usaimi	Board Member (Non-Executive)	17/4/2025
Committee Member	Mr./ Abdulaziz Ghazi Alnafisi	Board Member (Chief Executive Officer )	17/4/2025

The Committee held (4) meetings during year 2025, and its key achievements are outlined here below:

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

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

3- Approved the Company's Hotels procedures for the year.

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

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

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

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

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



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

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

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

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

## Implementing the Remunerations Policy in the Company

- The Nominations and Remunerations Committee emanating from the Board of Directors manages the process of granting remunerations within the Company, starting with the performance evaluation and ending with preparing the final report on the total remunerations granted, provided that the Board of Directors bears full responsibility for making final decisions regarding the adoption of all incentives, allowances and remunerations.
- The Board of Directors, represented by the Nominations and Remunerations Committee, conducts a periodic review of this policy and monitors its effectiveness or the need to make any amendment to it.

**There were no deviations or material changes to the implementation of the Remunerations System and Mechanism in the year 2025 from the policy approved by the Board of Directors.**

## Disclosure of the Granted Remunerations

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

The remunerations report was read out at the Company's Fifty-fourth annual General Assembly, held on 06/04/2026, where the items of the report were approved.

State of Kuwait  
Dated: 09/02/2026 AD.

Nominations and Remunerations Committee  
Salhia Real Estate Company

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

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

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

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

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

## Independence and Impartiality of the External Auditor

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

During the General Assembly of Salhia Real Estate Company, held on April 17, 2025, the appointment of Ms. Sheikha Adnan Al-Fulaij from Al-Aiban & Al-Osaimi office "Ernst & Young" as the External Auditor for the Company's financial statements was approved. Ms. Sheikha Adnan Al-Fulaij is recognized for her reputation, integrity, and independence, qualifying her for this role. She is also listed among the auditors approved by the Capital Markets Authority.



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

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

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

## Internal Restraint and Control Systems

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

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

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

## Manual of Professional Conduct & Ethical Values

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

1. Integrity ranks first in terms of priority in the Company's values, and it serves as the goal that guides its employees in everything they do. Therefore, focusing on integrity enhances the work style that is based on spreading ethics and making ethical decisions.
2. Ethical orientation and behavior support value-based decisions when providing service to customers and while doing business. The Company is proud of doing what is not only in the interest of the business, but also in the interest of the stakeholders.
3. To support these ideals, a manual for Professional Conduct and Ethical Values has been prepared and its goal is to assist members of the Board of Directors and the Company's Executive Management in performing their duties through a system whose pillars are based on ethical values. The principles and values in this manual constitute an integral part of the strict commitment that the Company seeks to maintain its reputation and the public's confidence in it.



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

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

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

## Disclosure & Transparency

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

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

## Disclosures Register

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

## Investors Relations

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



## Information Technology Infrastructure in the Company

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

## General Rights of Shareholders

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

## Shareholders Register

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

## Meeting of the Company's General Assembly

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

## Rights of Stakeholders

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



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

## Training Programs & Courses

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

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

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

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

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



## Corporate Values Among Employees of the Company

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

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

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

## Social Responsibility

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

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

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



## Social Responsibility Report 2025

### 7th Children's Science Exhibition

**18 January:** The Company participated in an initiative aimed at fostering scientific literacy among children and enhancing their research and exploratory skills, during the exhibition held at Assima Mall under the patronage of the Kuwait Institute for Scientific Research.

### "Nabi Salamtek" Initiative

**30 January:** The Company participated in supporting a health initiative in cooperation with Al Salam Hospital, aimed at providing early detection services and health awareness, contributing to enhancing public health awareness within the community, during the exhibition held at Assima Mall.

### "Nabi Salamtak" Campaign – Arraya Centre

**30 January:** The Company participated at Arraya Centre in a campaign supporting health initiative in cooperation with Al Salam Hospital, aimed at providing early screening services and health awareness, contributing to raising community health awareness.

### Special Needs Skills Campaign

**9 February:** The Company participated at Arraya Centre in a campaign aimed at developing the skills of individuals with special needs and transforming them into marketable products, in cooperation with Center 21 for Special Needs, supporting empowerment and social inclusion.

### "Wood Wizards" Workshop

**9 February:** The Company hosted interactive workshops for children at Assima Mall aimed at developing their creative and social skills, in collaboration with LOYAC.

### "From Impact to Impact" Campaign

**10 February:** The Company hosted an awareness campaign at Assima Mall aimed at highlighting the creativity of educational professionals and their vital role in supporting the educational process, in cooperation with the Kuwait Teachers Association.

### World Cancer Day

**16 February:** The Company hosted, at Assima Mall and in cooperation with the Kuwait Oncology Association, an awareness campaign marking World Cancer Day.

### Aid Campaign for Palestine

**13 March:** The Company allocated space at Assima Mall to host an Aid and donation campaign in cooperation with the Kuwait Relief Society, in support of humanitarian efforts for the people of the State of Palestine.



### **“Change Their Lives” Campaign**

**13 March:** To reinforce the values of tolerance and deepen understanding of Islamic culture, the Company organized the “Change Their Lives” exhibition at Assima Mall in partnership with the Islamic Presentation Committee.

### **First Aid Awareness Event**

**17 April:** The Company hosted an awareness event at Assima Mall highlighting the importance of first aid and promoting health awareness, in cooperation with the Kuwait Medical Association.

### **World Autism Awareness Day Campaign**

**18 April:** The Company supported the activities of the Kuwait Autism Society held at Assima Mall to enhance community awareness of individuals with autism and promote understanding of their needs.

### **“My Story” Event**

**28 April:** The Company hosted an educational art exhibition at Assima Mall aimed at highlighting students’ creativity and encouraging innovative artistic learning, organized in cooperation with the General Administration of the Educational Area of Kuwait Capital.

### **“Nabi Salamtak” Campaign**

**9 May:** To support community health, the Company organized a medical initiative at Assima Mall offering healthcare services and promoting public health awareness, in partnership with Al Salam International Hospital.

### **Palestinian Story Performance**

**18 May:** A theatrical performance highlighting the Palestinian story through a meaningful artistic presentation was held at Assima Mall in collaboration with LOYAC.

### **New Traffic Law Awareness Campaign**

**3 June:** The Company hosted an awareness campaign at Assima Mall aimed at introducing the new traffic law and enhancing road safety awareness, organized in cooperation with Warba Bank and the Ministry of Interior.

### **Event for International Students**

**23 June:** The Company hosted at Assima Mall additional activities offering educational consultation services for students wishing to pursue higher education outside the State of Kuwait, organized in cooperation with Moghtarib Educational Consultancy Services.

### **Scientific Clubs Community Service Program**

**3 July:** Assima Mall hosted free training workshops aimed at enhancing students’ skills in innovation and science, organized in cooperation with Sabah Al Ahmad Center for Giftedness and Creativity.

### **“Heart of the Capital” Event**

**14 July:** The Company participated at Assima Mall in a community event supporting social, sports, and health activities in the area, in cooperation with the Capital Governorate.



### **Electricity and Water Conservation Awareness Campaign**

**20 July:** Assima Mall hosted an awareness event focused on promoting responsible electricity and water consumption, organized in cooperation with the Ministry of Electricity, Water and Renewable Energy, in support of its national sustainability efforts.

### **Photography Exhibition**

**4 August:** To celebrate local artistic talent, a photography exhibition featuring Kuwaiti photographers was organized at Assima Mall in partnership with the Kuwait Photography Society.

### **“Health Through Proper Medication” Campaign**

**17 August:** The Company contributed to a health awareness campaign for older adults held at Assima Mall in collaboration with the Ministry of Health.

### **“Be Strong” Campaign – Pink October Marathon (Assima Track)**

**10 October:** Assima Mall hosted the Pink October Marathon (Assima Track), organized in cooperation with the Ministry of Social Affairs to support health awareness and encourage community engagement in physical activity.

### **Breast Cancer Awareness Campaign – Arraya Centre**

**11 October:** The Company hosted an early detection breast cancer awareness campaign at Arraya Centre, in cooperation with Alya Hospital.

### **World Mental Health Day Event**

**12 October:** An event marking World Mental Health Day was held at Assima Mall in collaboration with the Kuwait Psychological Association to promote mental health awareness.

### **Breast Cancer Awareness Campaign – Assima Mall**

**14 October:** To promote early detection and preventive care, a breast cancer awareness campaign was organized at Assima Mall in partnership with Alya Hospital.

### **Environmental Health Awareness Event**

**21 October:** To reinforce environmental health awareness, an educational event was organized at Assima Mall in partnership with the Ministry of Health.

### **World Breast Cancer Day**

**28 October:** An awareness campaign marking World Breast Cancer Day was held at Assima Mall in collaboration with the Kuwait Medical Laboratory Association.

### **“Walk of Wellness”**

**28 October:** In support of promoting a healthy lifestyle, the Company hosted an awareness Walk of Wellness campaign at Assima Mall, in cooperation with Al Salam International Hospital.



### **“Healthy Steps” Event**

**4 November:** As part of its support for health initiatives, the Company participated at Assima Mall in an awareness event highlighting the importance of physical activity and promoting health awareness, in collaboration with the Ministry of Health.

### **Prostate Cancer Awareness Campaign**

**16 November:** The Company hosted an awareness booth at Assima Mall to raise awareness of prostate cancer, in cooperation with Masalek Clinic.

### **Healthy Nutrition for Individuals with Special Needs Event**

**2 December:** As part of its support for health initiatives, the Company hosted an awareness event at Assima Mall on the fundamentals of healthy nutrition for individuals with special needs, in cooperation with the Ministry of Health.

### **World AIDS Day**

**6 December:** In support of health initiatives, the Company hosted an awareness campaign at Assima Mall marking World AIDS Day to enhance community awareness, in cooperation with the Ministry of Health.

### **GCC Statistics Day**

**24 December:** The Company allocated space at Assima Mall to host the celebration of GCC Statistics Day, in cooperation with the Central Statistical Administration in Kuwait.

# REPORT ON INTERNAL CONTROL SYSTEMS



**AL-SOOR** Certified Public Accountants

السور محاسبون قانونيون

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

Dear Sirs,

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

In accordance with our engagement letter dated 16 December 2025 with Salhia Real Estate Company K.S.C.P, we have examined the internal control systems of the Company, which were in existence for the year ended 31 December 2025. The divisions examined were as follows:

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

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

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

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

In our opinion, having regard to the nature and size of the Company's business and operations for the year ended 31 December 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 the respective areas of this report.

**Buthaina H. Al-Ahmad**  
License No. 265 - A/Kuwait  
AL-Soor Certified Public Accountants  
GGI Independent Member – Switzerland

AL-SOOR Certified Public Accountants



State of Kuwait  
20 January 2026

# AUDIT COMMITTEE REPORT



## Salhia Real Estate Company Audit Committee Report for the Fiscal Year Ended on December 31, 2025

### Introduction:

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

### Internal Control Systems:

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

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

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

### Accuracy of the Financial Statements and Reports:

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



## Regulatory Obligations:

According to the requirements of the Capital Markets Authority, the Committee has taken the necessary steps to implement corporate governance requirements. These steps included updating the existing audit procedures and maintaining dedicated records for documenting the Committee's meeting minutes, resolutions, and agendas. In addition, an independent audit firm has been appointed to evaluate and review the internal control systems and to prepare an Internal Control Report in this regard, which is submitted annually to the Capital Markets Authority.

In 2025, the Company fulfilled the Capital Markets Authority's requirement for listed companies to conduct an independent evaluation of the Internal Audit function. Accordingly, the Board of Directors and the Audit Committee approved the appointment of an independent audit firm to review and assess the performance of Salhia Real Estate Company's Internal Auditor for the period (2022:2024). The evaluation report was presented to the Board of Directors and the Audit Committee, who reviewed and discussed its findings. The assessment concluded that the performance of the Internal Audit Department is aligned with the International Professional Practices Framework for internal auditing, as well as the applicable requirements set out in the Capital Markets Authority's regulations. With respect to the Company's financial reporting, both the Board of Directors and the Executive Management remain fully committed to providing clear written representations confirming the accuracy and integrity of the annual financial statements and related financial reports. These statements comprehensively reflect the Company's financial position and operational results and are prepared in accordance with International Financial Reporting Standards.

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

**State of Kuwait**  
**Dated: 09/02/2026.**

**Audit and Risk Management Committee**  
**Salhia Real Estate Company**



REPORT OF THE BOARD  
OF DIRECTORS

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## LOCAL INVESTMENTS

### Salhia

#### Salhia Complex

Salhia Complex spans a history of more than forty-eight years and represents the first project of Salhia Real Estate Company since its establishment, as well as the first multi-purpose specialized retail complex in the State of Kuwait. Over the years, the complex has established itself as an icon of high-end shopping destinations in Kuwait and the GCC, becoming a prominent urban landmark and a preferred destination for visitors, reflecting the country's evolving architectural identity. Thanks to its elegant design and high-quality construction, the complex has maintained its prestigious status among the most luxurious shopping centers to this day.



Salhia Complex consists of three main levels — Ground Floor, Mezzanine 1, and Mezzanine 2 housing a curated selection of international luxury retail brands, in addition to a number of upscale restaurants and cafés. Above these levels rise five floors dedicated to commercial offices with a total area of 25,500 sqm, occupied by leading international and local companies, as well as prominent law firms.

Since its opening in 1978, the complex has preserved its leading position through continuous redevelopment and modernization programs, enabling it to achieve full occupancy rates for several consecutive years. Today, the complex is regarded as one of the most prestigious and important commercial destinations in Kuwait. It is surrounded by three major company-owned components: Salhia Plaza, Sahab Tower, and JW Marriott Hotel, enhancing project integration and mixed-use diversity.

To further enhance the premium shopping experience, the company executed expansion works connecting the Ground Floor and Mezzanine 1 to the corresponding levels of the adjacent JW Marriott Hotel building, in addition to creating a new entrance from Abdulaziz Al-Saqer Street to facilitate access from the First Ring Road. This provided a fully integrated experience combining luxury shopping and fine dining.



## Salhia Plaza

Salhia Plaza features a strategic location at the main entrance of Salhia Complex, constructed above the parking facility to create a vibrant outdoor destination featuring a selection of modern international cafés and upscale restaurants. The plaza also includes a spacious courtyard surrounded by greenery landscaped, making it an ideal venue for hosting various events and activities.

As part of ongoing development, the plaza recently underwent a comprehensive upgrade including a smart parking system to facilitate entry and exit, electric vehicle charging stations, modern payment options including smartphones and smart watches, in addition to valet parking services. Since its establishment in 2005, Salhia Plaza has reinforced its position as a preferred destination for visitors seeking a refined leisure and relaxation experience.

## Sahab Tower

Sahab Tower features a prime location and panoramic views over Kuwait City, making it one of the country's leading business destinations. The tower consists of 20 office floors covering 10,749 sqm and has hosted a distinguished group of international and local companies since its opening in 1997. The tower is directly connected to Salhia Complex via a Mezzanine bridge, enhancing accessibility and facility integration.

The tower also includes premium retail spaces on the basement, ground, and mezzanine levels, accommodating international luxury brands. Supported by the integrated services provided by Salhia Real Estate Company, the tower achieved an occupancy rate of 95%, confirming its position as a distinguished business destination in the heart of Kuwait City.





## JW Marriott Hotel

The JW Marriott Hotel is located in the heart of Kuwait City’s commercial and financial district, only 15 minutes from Kuwait International Airport. The hotel is one of the city’s outstanding hospitality landmarks and benefits from proximity to luxury shopping destinations and key attractions such as Sheikh Jaber Al-Ahmad Cultural Centre and Al Shaheed Park. Its direct connection to Salhia Complex enhances a seamless stay and shopping experience for guests.

As part of Salhia Real Estate Company’s plans to elevate the hospitality experience, the hotel building was fully redeveloped and reopened in November 2025 to meet modern and future competitive standards. The development embodies the integration of retail and hospitality uses, with the building divided into a retail section (Ground & Mezzanine), office section (2nd–4th floors), and hotel section (5th–16th floors).

The hotel comprises 188 rooms and suites, Terrace Grill, JW Market, and Griffin Lounge restaurants, meeting facilities, a fully equipped health club, in addition to a comprehensive renovation of the Thuraya Ballroom with a capacity of up to 450 guests.



## Salhia Expansion Project

At the end of 2024, Salhia Real Estate Company acquired the Anwar Al-Sabah plots (Salhia Complex Expansion Project), distinguished by their strategic location at the entrance of Kuwait City on Fahad Al-Salem Street in Qibla District. The project consists of four commercial plots with high development flexibility, bordered by three main streets: Fahad Al-Salem Street, Abdulaziz Al-Saqer Street, and Mohammed Thunayan Al-Ghanim Street. The site is directly adjacent to Salhia Commercial Complex and the JW Marriott Hotel.

The Company completed the sale of Plot No. (3), with an area of 1,436.5 sqm. In addition, Plot No. (2), with an area of 1,680 sqm, is currently undergoing final sale and title transfer procedures expected to be completed before mid-2026. Through these transactions, the Company aims to reduce outstanding liabilities while realizing a profit to be recognized upon completion of ownership transfer.

The remaining two plots constitute the largest portion of the four plots, totaling 9,284 sqm. Development and execution of the Salhia Expansion Project have been assigned to leading international consultancy firms, based on a strategic vision to develop the project as a single integrated extension of Salhia Complex. The concept adopts a comprehensive urban approach aligned with market requirements (retail, office, entertainment, services, open plazas, and green gathering areas) over an area approaching 25,000 sqm a rare scale within Kuwait City.

### Participating international consultants:

- Parkins Eastman – Master Architectural Designer
- Cracknell – Urban & Real Estate Development Consultant
- Pace – Local Engineering Consultant
- DPD – Interior Designer

A defined timeline has been established for design completion and construction commencement. The conceptual design phase has been finalized, focusing on all project components. Detailed design works are being completed for the plot complementing Salhia Complex, which includes retail, dining, and entertainment spaces across the Ground, Mezzanine 1, Mezzanine 2, and First Floor totaling approximately 18,000 sqm, in addition to office spaces across 21 floors with a leasable area of approximately 23,000 sqm, as well as residential apartments.



## Arraya

### Arraya Centre

Arraya is one of Salhia Real Estate Company's landmark developments. Since its opening in 2003, it has become a primary destination attracting visitors and local and international businesses, thanks to its modern design and integrated facilities. The project combines luxury with functional spaces, serving a wide segment of visitors while providing a comprehensive business environment for institutions and corporations.





## Arraya Plaza

The outdoor Arraya Plaza is located adjacent to Arraya Shopping Centre and spans an area of 3,000 sqm. It features a contemporary design giving the space a distinctive character and is equipped with elegant shading structures and innovative lighting, creating an ideal environment for hosting events and social activities.

To provide maximum convenience for visitors, the project includes a fully integrated parking structure accommodating 1,400 vehicles, designed according to international standards to ensure smooth circulation. The parking building is connected to the centre through suspended bridges overlooking Arraya Plaza, ensuring seamless entry and exit flow.

The project also benefits from a direct connection to Courtyard Marriott Hotel via a carefully designed passageway, enhancing facility integration and offering visitors a combined shopping, hospitality, and entertainment experience.

## Arraya Tower

Arraya Tower forms a core component of the integrated Arraya development. It was developed with a modern design and high-quality finishes on a land area of 1,265.5 sqm. The tower is one of the tallest modern towers in Kuwait, reaching a height of 300 meters and consisting of 57 office floors.

The tower offers column-free office spaces ranging from 150 sqm to 740 sqm occupied by leading local and international companies. It also includes 16 elevators distributed across three entrances, each serving designated floors to ensure efficient accessibility.

The tower provides top-tier tenant facilities including modern IT infrastructure, 24-hour security and maintenance services, smart parking systems, electric vehicle charging, and digital payment options via cards, mobile applications, and smart devices.

Office leasing activity in Arraya Tower maintained stable performance during 2025, reflecting the Company's commitment to stable operating revenues and optimal financial performance across its real estate portfolio.

## Courtyard Marriott Hotel

Courtyard Marriott Hotel offers a high level of hospitality services along with distinctive panoramic views of Kuwait City and the Kuwait Towers. The hotel is located 18 km from Kuwait International Airport and close to the city center, making it ideal for business travelers and visitors alike.

The hotel includes six fully equipped meeting rooms built to international standards, in addition to a business support centre enabling efficient hosting of meetings and official events. It also provides integrated leisure facilities including a health club, swimming pool, and sauna, delivering a balanced stay combining comfort and practicality at the highest quality standards.



## Arraya Ballroom

Arraya Ballroom is located adjacent to Courtyard Marriott Hotel and Arraya Shopping Centre and is considered one of Kuwait’s premier venues for weddings and social events. It also represents an ideal venue for conferences, exhibitions, and meetings due to its high-level services.

The ballroom spans 1,482 sqm and is managed by a specialized professional team with extensive event management experience, utilizing advanced technologies to deliver a refined experience suited to various occasions.

## The Assima Project

A mixed-use development represents one of the most prominent real estate projects in the heart of Kuwait City, thanks to its central location at a major intersection forming one of the city’s key urban arteries. The project was developed under a modern real estate vision inspired by Kuwait’s architectural identity while aligned with current market requirements and future trends.

The project was executed using advanced technologies that enhance energy efficiency and sustainability concepts, positioning it as a leading model of integrated real estate investment.

Assima is classified as the largest private-sector project of its kind in downtown Kuwait City, extending over approximately 40,000 sqm of land and surrounded by four main streets, including Al-Shuhada Street and Khaled Bin Al-Waleed Street. The total built-up area reaches approximately 380,000 sqm, reinforcing its position as a strategically significant integrated urban destination.

## Assima Mall

Assima Mall has established itself as a comprehensive shopping and entertainment destination in the capital, offering under one roof a wide range of international and local brands, accessories and jewelry stores, entertainment centers, cinemas, restaurants, and cafés catering to diverse preferences.

The mall also houses the newest branch of the French Monoprix retail chain — the first of its kind in Kuwait — in addition to electronics and mobile accessories retailers. The mall occupies approximately 20,000 sqm and consists of four basement levels, a ground floor, and six retail and entertainment floors, with a total leasable area of approximately 71,500 sqm.



## Assima Pearls

Assima Pearls chandelier is one of the mall's most distinctive architectural icons, centrally positioned within the mall with its remarkable scale and unique design. The chandelier entered the Guinness World Records as the largest chandelier in the world by size, becoming an architectural symbol reflecting creativity and precision in execution.

The chandelier embodies deep symbolism inspired by Kuwait's maritime heritage of pearl diving and trade, expressing values of pride and national belonging.



## Assima Office Tower

The Assima Office Tower represents a significant addition to Kuwait’s modern skyline. Commercial operations commenced in 2024 as part of the integrated Assima development. The tower rises to 285 meters, ranking among the tallest office towers in the country.

The tower consists of a ground floor and 54 upper floors, of which 46 floors are dedicated to commercial offices. Built on land area of 1,746 sqm, it provides a leasable area of approximately 59,700 sqm, achieving a leasing rate of approximately 50% of total leasable space by year-end.

The floors feature flexible open-plan office spaces ranging between 1,200 sqm and 1,400 sqm per floor, with subdivision capability down to 250 sqm to accommodate various business needs.

The tower includes 18 elevators distributed across three independent entrances to ensure efficient circulation and accessibility. It is equipped with advanced IT systems, integrated security, 24-hour maintenance services, and multi-level smart parking facilities supporting operational efficiency and user comfort.



## Marriott Executive Apartments

In April 2023, the Marriott Executive Apartments hotel was opened, rising 11 floors above the commercial component of the Assima project. The property is dedicated to long-stay accommodation, business travel, and holidays, providing a high standard of hospitality services.

The hotel includes 164 fully serviced luxury residential units, in addition to dining facilities, a meeting room, and a fully equipped health club, offering a comprehensive accommodation experience tailored to guest needs.

## Salhia International Entertainment Centers Company

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

The center focuses on engaging children aged 4–14 and their families through immersive entertainment activities, including innovative virtual reality games and 3D technologies that encourage exploration of ecosystems such as forests, deserts, polar regions, deep oceans, and space, in addition to interactive experiences with living organisms — all aimed at enhancing learning through play.

National Geographic Ultimate Explorer Center was launched in 2022 across an area exceeding 5,000 sqm and has achieved strong engagement from children, families, school trips, private parties, and seasonal programs such as summer and winter camps.

As part of its social responsibility initiatives, the center also collaborates with international and local institutions to offer exclusive programs and services to customers.



## FOREIGN INVESTMENTS

### Salhia International Investments Ltd Company

#### Beorma Quarter, Birmingham

The Beorma Tower is a 30-storey mixed-use development in Digbeth, Birmingham, owned by Salhia Investment Birmingham Limited (SIBL), a wholly owned subsidiary. The tower combines over 14,000 square meters of premium office space, 125 residential units with panoramic city views, and active ground-floor retail, while integrating the historic façade of existing buildings on Digbeth High Street. The project reflects Salhia's strategy of investing in prime urban locations and delivering high-quality, long-term assets that generate sustainable income and lasting value.

In 2025, the tower structure was completed, marking the transition from major construction to the delivery phase. Works progressed steadily on the external envelope and internal areas, preparing the building for the Shell & Core phase, scheduled for completion in August 2026. Interior fit-out of Grade A office spaces (CAT A) will commence in the second quarter of 2026, in preparation for marketing and tenant viewings. The final CAT A completion timeline will be guided by ongoing negotiations with prospective tenants, ensuring alignment with occupancy plans.



The project benefits from excellent connectivity to Birmingham New Street and Moor Street stations, as well as the future HS2 station, providing direct access to London and Birmingham International Airport. Once complete, Beorma Tower is set to become one of Birmingham's premier mixed-use destinations, delivering sustainable income and long-term value to the Company.



## Lolworth Developments Ltd

### Cambridge 25

Lolworth Real Estate Development, a wholly owned subsidiary of Salhia Real Estate Company, holds a development land option for the Cambridge 25 site in northwest Cambridge, near Junction 25 of the A14. The site offers excellent connectivity and represents one of the closest non-Green Belt employment locations to the city.

In 2025, the site was designated as the preferred strategic employment allocation for industrial (B2) and logistics (B8) uses in the draft Greater Cambridge Local Plan. The site comprises approximately 220,000 square meters of buildable commercial floor space and is designed to address the structural shortage of industrial and logistics space in the region, with a strong commitment to sustainability, biodiversity enhancement, and landscape-led design.

This draft allocation represents a key milestone, reducing development risk, validating the site's strategic credentials, and providing a clear pathway toward planning approvals. The project team progressed technical and commercial workstreams, including highways, environmental, archaeology, and water management studies, to prepare for an Outline Planning Application (OPA) for the full site. Long-term control of the site has been secured to 2033, with the potential for further extension to 2038, subject to planning milestones.

Cambridge 25 is positioned as a high-quality, strategically significant employment-led development. With robust planning and technical preparation, including the upcoming OPA, the project is well placed to deliver a sustainable employment park and generate long-term value for Salhia's shareholders.

# FINANCIALS

# FINANCIALS

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**BOARD OF DIRECTORS  
UNDERTAKING**



**Date : 15/02/2026**

### **Board of Directors Undertaking**

Salhia Board of Directors assures the written undertakings of the soundness and integrity of financial reporting related to the corporate operations of Salhia Real Estate Co. for the financial year ending 31 December 2025.

Signature	
<b>Mr. Ghazi Fahad Alnafisi</b> Chairman	



# FINANCIAL STATEMENTS

## 31 DECEMBER 2025

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

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

#### *Opinion*

We have audited the consolidated financial statements of the Salhia Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of consolidated 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 for our opinion.

#### *Key Audit Matters*

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

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

#### *Impairment of properties*

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



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

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

#### *Key Audit Matters (continued)*

##### *Impairment of properties (continued)*

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

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

#### *Other information included in the Group's 2025 Annual Report*

Management is responsible for the other information. Other information consists of the information included in Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's 2025 Annual Report after the date of our auditor's report.

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

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

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

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

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

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



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

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

#### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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



Shape the future  
with confidence

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

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

#### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)*

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

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

#### **Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 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 audit, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the establishment of Capital Markets Authority "CMA" and organisation of security activity and its related executive regulations, as amended, during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

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SHEIKHA AL-FULAIJ  
LICENCE NO. 289 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

15 February 2026  
Kuwait



Salhia Real Estate Company K.S.C.P. and Subsidiaries  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
 For the year ended 31 December 2025

	Notes	2025 KD	2024 KD
Operating revenue	21	46,623,239	44,692,368
Operating costs		(12,846,525)	(10,244,123)
<b>GROSS PROFIT</b>		<b>33,776,714</b>	<b>34,448,245</b>
Share of joint venture's results, net of tax	9	-	1,612,578
Administrative expenses		(4,561,317)	(4,349,760)
Depreciation and amortisation	10,11	(8,516,398)	(8,199,495)
Sales and marketing expenses		(586,180)	(541,545)
Investment income		104,858	169,790
Foreign exchange (loss) gain		(44,103)	331,106
Other income	4	379,268	3,502,416
Reversal of impairment loss on investment properties	10	-	123,954
Gain on sale of an investment property	10	-	624,849
Finance costs		(14,067,641)	(14,272,375)
<b>PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST"), ZAKAT AND DIRECTORS' FEES</b>		<b>6,485,201</b>	<b>13,449,763</b>
KFAS		(63,991)	(133,427)
NLST		(159,978)	(333,568)
Zakat		(63,991)	(133,427)
Directors' fees	18	-	(120,000)
<b>PROFIT FOR THE YEAR</b>		<b>6,197,241</b>	<b>12,729,341</b>
Attributable to:			
Equity holders of the Parent Company		6,111,150	12,622,295
Non-controlling interests		86,091	107,046
		<b>6,197,241</b>	<b>12,729,341</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>	5	<b>10.15 Fils</b>	<b>20.90 Fils</b>

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



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 KD	2024 KD
<b>Profit for the year</b>	<b>6,197,241</b>	12,729,341
<b>Other comprehensive income (loss):</b>		
<i>Items that are or may be reclassified to consolidated statement of profit or loss in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	<b>2,019,473</b>	(2,004,815)
<i>Items that will not to be reclassified to consolidated statement of profit or loss in subsequent periods:</i>		
Changes in the fair value of financial assets at fair value through other comprehensive income	<b>93,081</b>	(527,615)
<b>Other comprehensive income (loss)</b>	<b>2,112,554</b>	(2,532,430)
<b>Total comprehensive income for the year</b>	<b>8,309,795</b>	10,196,911
Attributable to:		
Equity holders of the Parent Company	<b>8,074,440</b>	10,304,475
Non-controlling interests	<b>235,355</b>	(107,564)
	<b>8,309,795</b>	10,196,911

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

Salhia Real Estate Company K.S.C.P. and Subsidiaries

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 As at 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>KD</b>	<b>2024</b> <b>KD</b>
<b>ASSETS</b>			
Bank balances and cash	6	8,300,733	7,835,016
Inventories		184,053	138,421
Accounts receivable and other assets	7	5,578,163	9,087,781
Financial assets at fair value through other comprehensive income	8	6,433,676	6,340,595
Interest in joint venture	9	394,419	394,419
Investment properties	10	417,989,415	397,673,925
Property and equipment	11	100,563,241	96,310,759
<b>TOTAL ASSETS</b>		<b>539,443,700</b>	<b>517,780,916</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to banks and financial institutions	6	4,973,447	9,462,382
Accounts payable and other liabilities	12	37,324,584	36,958,960
Commercial financing	13	3,175,480	10,002,800
Islamic financing	14	312,090,271	278,680,090
<b>Total liabilities</b>		<b>357,563,782</b>	<b>335,104,232</b>
<b>Equity</b>			
Share capital	15	62,321,851	59,354,144
Share premium		35,055,163	35,055,163
Treasury shares	16	(8,067,102)	(7,565,144)
Treasury shares reserve		6,133,441	6,133,441
Statutory reserve	17	30,280,511	30,280,511
Voluntary reserve	17	20,489,290	20,489,290
Retained earnings		47,600,214	53,061,374
Fair value reserve		(474,905)	(567,986)
Foreign currency translation reserve		(11,754,103)	(13,624,312)
<b>Equity attributable to equity holders of the Parent Company</b>		<b>181,584,360</b>	<b>182,616,481</b>
Non-controlling interests		295,558	60,203
<b>Total equity</b>		<b>181,879,918</b>	<b>182,676,684</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>539,443,700</b>	<b>517,780,916</b>


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**Ghazi Fahad Alnafisi**  
 Chairman

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



Salhia Real Estate Company K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the year ended 31 December 2025

	Attributable to equity holders of the Parent Company										Total equity KD	
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Retained earnings KD	Fair value reserve KD	Foreign currency translation reserve KD	Subtotal KD		Non-controlling interests KD
Balance as at 1 January 2025	59,354,144	35,055,163	(7,565,144)	6,133,441	30,280,511	20,489,290	53,061,374	(567,986)	(13,624,312)	182,616,481	60,203	182,676,684
Profit for the year	-	-	-	-	-	-	6,111,150	-	-	6,111,150	86,091	6,197,241
Other comprehensive income	-	-	-	-	-	-	-	93,081	1,870,209	1,963,290	149,264	2,112,554
Total comprehensive income for the year	-	-	-	-	-	-	6,111,150	93,081	1,870,209	8,074,440	235,355	8,309,795
Issuance of bonus shares (Note 15)	2,967,707	-	-	-	-	-	(2,967,707)	-	-	(501,958)	-	(501,958)
Purchase of treasury shares	-	-	(501,958)	-	-	-	-	-	-	(8,604,603)	-	(8,604,603)
Dividend (Note 15)	-	-	-	-	-	-	(8,604,603)	-	-	-	-	-
<b>Balance as at 31 December 2025</b>	<b>62,321,851</b>	<b>35,055,163</b>	<b>(8,067,102)</b>	<b>6,133,441</b>	<b>30,280,511</b>	<b>20,489,290</b>	<b>47,600,214</b>	<b>(474,905)</b>	<b>(11,754,103)</b>	<b>181,584,360</b>	<b>295,558</b>	<b>181,879,918</b>
Balance as at 1 January 2024	56,527,756	35,055,163	(8,086,553)	5,848,303	30,280,511	20,489,290	51,470,346	(40,371)	(11,834,107)	179,710,338	167,767	179,878,105
Profit for the year	-	-	-	-	-	-	12,622,295	-	-	12,622,295	107,046	12,729,341
Other comprehensive loss	-	-	-	-	-	-	-	(527,615)	(1,790,205)	(2,317,820)	(214,610)	(2,532,430)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	12,622,295	(527,615)	(1,790,205)	10,304,475	(107,564)	10,196,911
Issuance of bonus shares (Note 15)	2,826,388	-	-	-	-	-	(2,826,388)	-	-	-	-	-
Purchase of treasury shares	-	-	(1,192,632)	-	-	-	-	-	-	(1,192,632)	-	(1,192,632)
Sale of treasury shares	-	-	1,714,041	285,138	-	-	-	-	-	1,999,179	-	1,999,179
Dividend (Note 15)	-	-	-	-	-	-	(8,204,879)	-	-	(8,204,879)	-	(8,204,879)
Balance as at 31 December 2024	59,354,144	35,055,163	(7,565,144)	6,133,441	30,280,511	20,489,290	53,061,374	(567,986)	(13,624,312)	182,616,481	60,203	182,676,684

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



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 KD	2024 KD
<b>OPERATING ACTIVITIES</b>			
Profit before contribution to KFAS, NLST, Zakat and directors' fees		6,485,201	13,449,763
Adjustments for:			
Share in joint venture's results, net of tax	9	-	(1,612,578)
Provision for employees' terminal benefits		790,719	704,922
Depreciation and amortisation		8,516,398	8,199,495
Provision for expected credit losses		101,187	-
Loss on disposal of property and equipment		2,644	-
Investment income		(104,858)	(169,790)
Foreign exchange (loss) gain		44,103	(331,106)
Income on reversal of accrual expenses	4	(350,665)	-
Income on settlement with a contractor	4	-	(3,355,667)
Reversal of impairment loss on investment properties	10	-	(123,954)
Gain from sale of investment properties	10	-	(624,849)
Finance costs		14,067,641	14,272,375
		<u>29,552,370</u>	<u>30,408,611</u>
Changes in operating assets and liabilities:			
Inventories		(45,632)	63,784
Accounts receivable and other assets		3,408,431	(1,979,142)
Accounts payable and other liabilities		(1,851,843)	(2,939,950)
Cash from operations		<u>31,063,326</u>	<u>25,553,303</u>
Employees' terminal benefits paid		(475,478)	(270,412)
KFAS paid		(133,427)	(168,909)
NLST paid		(345,383)	(439,614)
Zakat paid		(116,578)	(128,193)
Directors' fees paid		(120,000)	(120,000)
Net cash flows from operating activities		<u>29,872,460</u>	<u>24,426,175</u>
<b>INVESTING ACTIVITIES</b>			
Additions to investment properties	10	(24,248,002)	(94,094,305)
Proceeds from disposal of investment properties	10	-	624,849
Additions to property and equipment	11	(6,969,855)	(10,340,551)
Proceeds from disposal of property and equipment		-	-
Net movement in advance payments to contractors		-	3,846,523
Advance payment for acquiring investment property	7	-	14,000,000
Dividend income received		104,858	148,007
Dividends received from interest in a joint venture	9	-	10,114,000
Net cash flows used in investing activities		<u>(31,112,999)</u>	<u>(75,701,477)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from commercial and Islamic financings		50,046,187	111,393,007
Repayment of commercial and Islamic financings		(23,652,361)	(33,761,721)
Finance costs paid		(11,464,342)	(11,432,280)
Dividends paid	15	(8,527,583)	(8,204,879)
Purchase of treasury shares		(501,958)	(1,192,632)
Proceeds from sale of treasury shares		-	1,999,179
Net cash flows from financing activities		<u>5,899,943</u>	<u>58,800,674</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>4,659,404</u>	<u>7,525,372</u>
Foreign currency translation adjustment		295,248	(1,042,152)
Cash and cash equivalents as at 1 January		(1,627,366)	(8,110,586)
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER</b>	6	<u>3,327,286</u>	<u>(1,627,366)</u>
<b>Non-cash items excluded from the consolidated statement of cash flows:</b>			
Income on settlement with a contractor	4	-	(3,355,667)
Retentions payable	12	-	3,355,667

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



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 1 CORPORATE INFORMATION

The consolidated financial statements of Salhia Real Estate Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively “the Group”) for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors held on 15 February 2026. The general assembly of the shareholders of the Parent Company has the power to amend these consolidated financial statements after issuance.

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

The Parent Company is a Kuwaiti Shareholding Company incorporated on September 16, 1974 and is listed on Boursa Kuwait. The Parent Company’s registered office is located at Salhia Complex, Mohammed Thunayan Al-Ghanim, P.O. Box 23413, Safat 13095, Kuwait.

The Group’s main activities comprise real estate leasing and development of commercial properties and hotel operations in Kuwait and United Kingdom. Surplus funds are invested in real estate and securities portfolios managed by specialist investment managers.

#### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES

##### 2.1 BASIS OF PREPARATION

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

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

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

The Group presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 22.

The consolidated financial statements provide comparative information in respect of the previous year. Certain comparative information has been reclassified and represented to conform to classification in the current year. Such reclassification has been made to improve the quality of information presented.

##### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of following new and amended standards effective as of 1 January 2025.

###### **New and amended standards and interpretations**

The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025.

Several other amendments and interpretations apply for the first time in 2025, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

###### **Lack of exchangeability – Amendments to IAS 21**

For annual reporting periods beginning on or after 1 January 2025, *Lack of Exchangeability – Amendments to IAS 21* The Effects of Changes in Foreign Exchange Rates specifies 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 an entity’s 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 a material impact on the Group’s consolidated financial statements.

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

##### 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

##### **Amendments to Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7**

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- ▶ Clarifications of the requirements for recognition and derecognition of financial assets and liabilities
- ▶ A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise 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)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

##### **IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. There are specific presentation requirements and options for entities, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

It also requires disclosure of newly management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The standard is effective from 1 January 2018. The Group is currently working to identify the impacts the standard will have on the primary consolidated financial statements and notes to the consolidated financial statements. The Group considers its main business activities to include the provision of financing to customers and investing in financial assets. In accordance with IFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing or financing categories.



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

##### 2.4 MATERIAL ACCOUNTING POLICY INFORMATION

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

###### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries including special purpose entities as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

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

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

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

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

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

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### **Business combinations and acquisition of non-controlling interests (continued)**

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

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

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

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

###### **Revenue recognition**

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

###### *Rental income*

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

###### *Interest income*

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

###### *Hotel income*

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

###### *Dividend income*

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

###### *Gain or loss on sale of investment properties and investment in securities*

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



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### Foreign currency translation

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

###### Transactions and balances

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

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

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

###### Group companies

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

###### Taxation

###### *Kuwait Foundation for the Advancement of Sciences (KFAS)*

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

###### *National Labour Support Tax (NLST)*

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

###### *Zakat*

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

###### *Taxation on overseas Subsidiaries*

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

###### Finance costs

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

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### **Finance costs (continued)**

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

###### **Financial instruments**

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

###### **(i) Financial assets**

###### ***Initial recognition and measurement***

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

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

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

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

###### ***Subsequent measurement***

###### ***Financial assets at amortised cost***

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

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

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

###### ***Cash and cash equivalents***

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

###### ***Account receivables and other assets (excluding advances and prepayments)***

Account receivables are carried at undiscounted original invoiced amount less any expected credit losses.



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### Financial instruments (continued)

###### (i) Financial assets (continued)

###### *Subsequent measurement (continued)*

###### *Financial assets designated at fair value through OCI (equity instruments)*

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

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

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

###### *Derecognition*

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

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

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

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

###### **Impairment of financial assets**

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

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

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

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### Financial instruments (continued)

###### (ii) Financial liabilities

###### *Initial recognition and measurement*

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

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

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

###### *Subsequent measurement*

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

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

###### *Accounts payable and other liabilities*

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

###### *Commercial financing*

After initial recognition, interest bearing commercial financing is subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

###### *Islamic financing*

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

###### *Derecognition*

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

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

###### *Offsetting of financial instruments*

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



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### Leases

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

###### *Group as a lessee*

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

###### *i) Right-of-use assets*

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

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

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

###### *ii) Lease liabilities*

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

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

###### *iii) Short-term leases and leases of low-value assets*

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

###### *Group as a lessor*

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

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### **Inventories**

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

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

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

###### **Interest in joint venture**

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

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

Unrealised gains on transactions with joint venture are eliminated to the extent of the Group's share in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment for impairment of interest in joint venture is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The joint venture's financial statements are prepared to the Parent Company's reporting date or to a date not earlier or later than three months of the Parent Company's reporting date. Where practicable, appropriate adjustments are made to the joint venture's financial statements to bring them in line with the Group's accounting policies.

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

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

###### **Investment properties**

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

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

Buildings	50 years
Equipment	10 years
Vehicles	5 years

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



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### Investment properties (continued)

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

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

###### *Properties under construction*

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

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

###### Property and equipment

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

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

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

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

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

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

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

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

###### *Capital work in progress*

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

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

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### Treasury shares

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

###### Provisions

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

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

###### Contingencies

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

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

###### Impairment of non-financial assets

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

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

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

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



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

###### Impairment of non-financial assets (continued)

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

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

###### Fair value measurement

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

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

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

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

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

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

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

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

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

#### 3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

###### Significant judgments

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

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

##### Significant judgments (continued)

###### *Classification of real estate*

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

###### *Classification of financial assets*

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

###### *Capitalisation of costs of properties under construction*

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

##### Estimates and assumptions

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

###### *Impairment of financial assets at amortised cost*

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

###### *Useful lives of depreciable assets*

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

###### *Fair value measurement*

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

###### *Impairment of investment properties*

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



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 4 OTHER INCOME

	2025 KD	2024 KD
Income on settlement with a contractor	-	3,355,667
Income on reversal of accrual expenses	350,665	-
Others	28,603	146,749
	<u>379,268</u>	<u>3,502,416</u>

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

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

	2025	2024
Profit for the year attributable to equity holders of the Parent Company (KD)	<u>6,111,150</u>	<u>12,622,295</u>
Weighted average number of ordinary shares outstanding during the year	<u>602,115,283</u>	<u>603,927,776</u>
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils)	<u>10.15</u>	<u>20.90</u>

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

EPS for the year ended 31 December 2024 was 21.98 fils before retroactive adjustment to the number of shares following the bonus issue (Note 15).

#### 6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	2025 KD	2024 KD
Cash on hand	16,802	10,559
Bank balances	<u>8,283,931</u>	<u>7,824,457</u>
Cash and cash equivalents	8,300,733	7,835,016
Less: due to banks and financial institutions*	<u>(4,973,447)</u>	<u>(9,462,382)</u>
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	<u>3,327,286</u>	<u>(1,627,366)</u>

\*Bank overdraft facilities are denominated in Kuwaiti Dinars from local banks and carry an average profit rate of 0.75% per annum (2024: 1% per annum) over the Central Bank of Kuwait discount rate and repayable within a period of 1 year.

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 7 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2025 KD	2024 KD
Hotel guests' receivables, net	298,373	375,774
Rent receivable, net	1,109,790	1,905,037
Staff receivables	1,982	2,292
Refundable deposits and prepaid expenses	550,287	534,693
Advance payments to contractors	2,743,650	4,105,056
Other receivables	874,081	2,164,929
	<u>5,578,163</u>	<u>9,087,781</u>

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

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

	2025 KD	2024 KD
As at 1 January	476,429	657,769
Charged	101,187	-
Write off	(433,062)	(181,340)
As at 31 December	<u>144,554</u>	<u>476,429</u>

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

	Neither past due nor impaired KD	Past due but not impaired					Total KD
		< 30 days KD	30 to 60 days KD	60 to 90 days KD	90 to 120 days KD	120 to 365 days KD	
2025	-	465,276	238,508	18,757	100,188	585,434	<u>1,408,163</u>
2024	-	290,392	415,798	233,207	150,782	1,190,632	<u>2,280,811</u>

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

	2025 KD	2024 KD
Kuwaiti Dinar	1,397,165	2,023,906
GBP	10,998	256,905
	<u>1,408,163</u>	<u>2,280,811</u>



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

	2025 KD	2024 KD
Managed quoted portfolios	450,794	403,488
Managed unquoted portfolio	275,575	272,764
Unquoted equity securities	5,707,307	5,664,343
	<u>6,433,676</u>	<u>6,340,595</u>

The disclosure of fair value measurement and the levels of fair value hierarchy relating to the financial assets at fair value through other comprehensive income disclosed in Note 26.

#### 9 INTEREST IN JOINT VENTURE

This represents the Group's 50% (2024: 50%) interest in a United Kingdom based joint venture entity, Key Property Investments Limited ("KPI"), engaged in real estate leasing and development. During the prior year, the joint venturers had agreed to wind down KPI in accordance with the terms of the joint venture agreement and relevant governing regulations. Upon this resolution, the Group received proceeds from liquidation amounting KD Nil (2024: KD 10,114,000). As at 31 December 2025, the Group holds a residual interest of KD 394,419 (2024: KD 394,419) and no liabilities for the Group were assumed beyond the carrying amount of the investment.

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

	2025 KD	2024 KD
As at 1 January	394,419	9,802,678
Share in the joint venture's results, net of tax	-	1,612,578
Dividend received	-	(10,114,000)
Foreign currency translation adjustment	-	(906,837)
As at 31 December	<u>394,419</u>	<u>394,419</u>

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

	2025 KD	2024 KD
<i>Statement of financial position:</i>		
Current assets	4,370,770	4,370,770
Non-current assets	5,516	5,516
Current liabilities	(3,587,448)	(3,587,448)
Equity	<u>788,838</u>	<u>788,838</u>
Ownership interest held by the Group	<u>50%</u>	<u>50%</u>
Group's share in the equity	<u>394,419</u>	<u>394,419</u>



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 9 INTEREST IN JOINT VENTURE (continued)

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
<i>Statement of profit or loss</i>		
Revenue	-	3,506,615
Profit for the year	-	3,225,156
Ownership interest held by the Group	<b>50%</b>	50%
Group's share of profit	-	1,612,578



Salhia Real Estate Company K.S.C.P. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

10 INVESTMENT PROPERTIES

	Freehold lands KD	Buildings KD	Equipment KD	Properties under construction KD	Total KD
Cost:					
As at 1 January 2025	154,258,806	262,351,984	7,211,098	19,062,925	442,884,813
Additions	-	3,087,473	77,942	21,082,587	24,248,002
Foreign currency translation adjustment	299,340	427,031	-	1,227,111	1,953,482
<b>As at 31 December 2025</b>	<b>154,558,146</b>	<b>265,866,488</b>	<b>7,289,040</b>	<b>41,372,623</b>	<b>469,086,297</b>
Depreciation:					
As at 1 January 2025	-	44,158,814	1,052,074	-	45,210,888
Charge for the year	-	5,249,123	552,546	-	5,801,669
Foreign currency translation adjustment	-	84,325	-	-	84,325
<b>As at 31 December 2025</b>	<b>-</b>	<b>49,492,262</b>	<b>1,604,620</b>	<b>-</b>	<b>51,096,882</b>
<b>Net carrying amount as at 31 December 2025</b>	<b>154,558,146</b>	<b>216,374,226</b>	<b>5,684,420</b>	<b>41,372,623</b>	<b>417,989,415</b>

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

**10 INVESTMENT PROPERTIES (continued)**

	Freehold lands KD	Buildings KD	Car parking building KD	Equipment KD	Vehicles KD	Properties under construction KD	Total KD
Cost:							
As at 1 January 2024	95,745,436	207,056,106	11,587,335	2,267,505	8,660	85,568,734	402,233,776
Additions	71,050,000	7,706,008	19,522	3,096	-	15,315,679	94,094,305
Transfers	-	60,941,647	11,225,376	9,257,267	-	(81,424,290)	-
Transfer to property and equipment (Note 11)	-	(13,406,602)	(22,832,233)	(4,453,588)	(8,660)	-	(40,701,083)
Disposals	(12,602,000)	-	-	-	-	-	(12,602,000)
Reversal of impairment	-	123,954	-	-	-	-	123,954
Foreign currency translation adjustment	65,370	(69,129)	-	136,818	-	(397,198)	(264,139)
As at 31 December 2024	154,258,806	262,351,984	-	7,211,098	-	19,062,925	442,884,813
Depreciation:							
As at 1 January 2024	-	40,094,169	1,046,294	94,486	2,462	-	41,237,411
Charge for the year	-	6,293,064	-	25,966	-	-	6,319,030
Related to transfer to property and equipment (Note 11)	-	(547,808)	(1,046,294)	(49,650)	(2,462)	-	(1,646,214)
Foreign currency translation adjustment	-	(1,680,611)	-	981,272	-	-	(699,339)
As at 31 December 2024	-	44,158,814	-	1,052,074	-	-	45,210,888
Net carrying amount as at 31 December 2024	154,258,806	218,193,170	-	6,159,024	-	19,062,925	397,673,925



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

#### 10 INVESTMENT PROPERTIES (continued)

Freehold land with a carrying amount of KD 58,448,000 (2024: KD 58,448,000) is secured against an Ijara contract (Note 14).

During the year ended 31 December 2025, KD 453,497 (2024: Nil) has been capitalised as finance costs and as at that date, the cumulative capitalised borrowing costs amounted to KD 40,033,321 (2024: KD 40,033,321).

During the year ended 31 December 2024, the Parent Company sold a plot of the land under the Ijara contract to a related party with a carrying value of KD 12,602,000 for a total consideration of KD13,226,849. The proceeds of the sale had been utilised to settle Ijara payable (Notes 20).

The fair value of the investment properties at the consolidated statement of financial position date was estimated to be KD 626,264,364 (2024: KD 566,810,024). For local properties, the fair values of investment properties are based on a valuation performed by accredited independent valuers; one of these appraisers is a local bank and the other is a local reputable accredited appraiser. As for foreign properties, the fair values of investment properties are based on one valuation performed by foreign accredited independent valuer. The valuation is based on acceptable methods of valuation such as income capitalisation and market comparable methods. As the significant valuation inputs used are based on unobservable market data these are classified under level 3 fair value hierarchy. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

Salhia Real Estate Company K.S.C.P. and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As at 31 December 2025

**11 PROPERTY AND EQUIPMENT**

	Freehold land KD	Buildings KD	Car parking building KD	Furniture and equipment KD	Motor vehicles KD	Capital work in progress KD	Total KD
<b>Cost</b>							
As at 1 January 2025	10,511,958	66,639,206	23,298,351	44,630,930	418,309	22,129,946	167,628,700
Additions	-	15,679	132,024	360,861	37,500	6,423,791	6,969,855
Write-off	-	-	-	(13,368,260)	(3,900)	-	(13,372,160)
<b>As at 31 December 2025</b>	<b>10,511,958</b>	<b>66,654,885</b>	<b>23,430,375</b>	<b>31,623,531</b>	<b>451,909</b>	<b>28,553,737</b>	<b>161,226,395</b>
<b>Depreciation</b>							
As at 1 January 2025	-	32,662,051	2,282,351	36,012,424	361,115	-	71,317,941
Charge for the year	-	664,936	993,454	1,035,843	20,496	-	2,714,729
Related to write-off	-	-	-	(13,365,617)	(3,899)	-	(13,369,516)
<b>As at 31 December 2025</b>	<b>-</b>	<b>33,326,987</b>	<b>3,275,805</b>	<b>23,682,650</b>	<b>377,712</b>	<b>-</b>	<b>60,663,154</b>
<b>Net carrying amount as at 31 December 2025</b>	<b>10,511,958</b>	<b>33,327,898</b>	<b>20,154,570</b>	<b>7,940,881</b>	<b>74,197</b>	<b>28,553,737</b>	<b>100,563,241</b>



**Salhia Real Estate Company K.S.C.P. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
As at 31 December 2025

**11 PROPERTY AND EQUIPMENT (continued)**

	Freehold land KD	Buildings KD	Car parking building KD	Furniture and equipment KD	Motor vehicles KD	Capital work in Progress KD	Total KD
<b>Cost</b>							
As at 1 January 2024	7,946,274	52,669,221	-	40,138,851	399,453	16,765,774	117,919,573
Additions	-	1,650	-	817,205	-	9,521,696	10,340,551
Transfer	2,565,684	69,700	-	69,225	-	(2,704,609)	-
Transfer from investment properties (Note 10)	-	13,898,635	23,298,351	3,605,649	18,856	(1,452,915)	39,368,576
As at 31 December 2024	10,511,958	66,639,206	23,298,351	44,630,930	418,309	22,129,946	167,628,700
<b>Depreciation</b>							
As at 1 January 2024	-	32,906,041	-	35,548,793	337,935	-	68,792,769
Charge for the year	-	394,900	984,920	476,653	23,992	-	1,880,465
Related to transfer from investment properties (Note 10)	-	(638,890)	1,297,431	(13,022)	(812)	-	644,707
As at 31 December 2024	-	32,662,051	2,282,351	36,012,424	361,115	-	71,317,941
Net carrying amount as at 31 December 2024	10,511,958	33,977,155	21,016,000	8,618,506	57,194	22,129,946	96,310,759

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

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

#### 12 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2025 KD	2024 KD
Accounts payable	2,709,599	2,820,347
Retentions payable	6,181,676	9,060,018
Accrued expenses	8,877,489	7,123,541
Tenants' refundable deposits	9,022,206	8,673,236
Rents received in advance	1,467,602	1,005,997
Advance received on sale of land *	1,974,000	-
Employees' terminal benefits	6,107,718	5,792,477
KFAS payable	63,991	133,427
NLST payable	159,978	333,568
Zakat payable	63,991	133,427
Other payables	696,334	1,882,922
	<u>37,324,584</u>	<u>36,958,960</u>

\* During the year, the Group entered into agreement to sell a plot of land to a related party against which the Group received an advance payment amounting KD 1,974,000 which is recorded under accounts payable and other liabilities (Note 20).

#### 13 COMMERCIAL FINANCING

Commercial financing is denominated in the following currencies:

	2025 KD	2024 KD
Kuwaiti Dinars	-	6,900,000
GBP	3,175,480	3,102,800
	<u>3,175,480</u>	<u>10,002,800</u>

Commercial financing denominated in Kuwaiti Dinar carries variable interest rates which range from 0.75% to 1% per annum (2024: 0.75% to 1% per annum) over the Central Bank of Kuwait discount rate and repayable within 1 year.

Commercial financing denominated in GBP carries variable interest rates 2.6% per annum + SONIA rate (2024: 2.6% per annum + SONIA rate) and repayable more than 1 year.

#### Changes in liabilities arising from financing activities

	1 January KD	Cash flows –in KD	Cash flows –(out) KD	Foreign exchange movement KD	31 December KD
2025					
Commercial financing	<u>10,002,800</u>	<u>500,000</u>	<u>(7,516,355)</u>	<u>189,035</u>	<u>3,175,480</u>
2024					
Commercial financing	<u>18,203,880</u>	<u>5,700,000</u>	<u>(13,850,000)</u>	<u>(51,080)</u>	<u>10,002,800</u>



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

#### 14 ISLAMIC FINANCING

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

	2025 KD	2024 KD
Instalments payable within one year	44,767,666	15,982,530
Instalments payable within one year to two years	41,776,667	32,781,942
Instalments payable within two years to three years	30,166,667	19,882,667
Instalments payable within three years to four years	39,666,667	38,282,666
Instalments payable after four years	155,712,604	171,750,285
	<u>312,090,271</u>	<u>278,680,090</u>

Murabaha payable is unsecured and carry an average profit rate of 0.85% (2024: 0.875%) per annum over the Central Bank of Kuwait discount rate.

During the year ended 31 December 2024, the Parent Company sold a plot of the land under the Ijara contract to a related party with a carrying value of KD 12,602,000 for a total consideration of KD13,226,849. The proceeds of the sale had been utilised to settle Ijara payable (Notes 20).

As at 31 December 2025, Ijara contract with a carrying amount of KD 57,398,000 (2024: KD 57,398,000) out of contract value KD 70,000,000. The Ijara contract carries a profit rate of 0.75% (2024: 0.75%) per annum above Central Bank of Kuwait discount rate renewable annually. The Ijara contract is secured by a freehold land with a carrying value of KD 58,448,000 (2024: KD 58,448,000).

Changes in liabilities arising from Islamic financing activities

	1 January KD	Cash flows –in KD	Cash flows –(out) KD	31 December KD
<b>2025</b>				
Islamic financing	278,680,090	49,546,187	(16,136,006)	312,090,271
<b>2024</b>				
Islamic financing	205,500,804	105,693,007	(32,513,721)	278,680,090

#### 15 SHARE CAPITAL AND GENERAL ASSEMBLY MEETING

As at 31 December 2025, the authorised, issued and paid up capital comprises of 623,218,513 shares (31 December 2024: 593,541,441 shares) of 100 fils (2024: 100 fils) each paid in cash.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved in the annual general assembly meeting (“AGM”) of the shareholders of the Parent Company held on 17 April 2025, In addition, cash dividend of 15 fils (2023: 15 fils) per share amounting to KD 8,604,603 (2023: KD 8,204,879) and the issuance of bonus shares of 29,677,072 (2023: KD 28,263,878) in the ratio of 5 shares for each 100 shares to the registered shareholders as at the entitlement date. The change has been notarised in the Parent Company’s commercial register dated 27 April 2025.

The Board of Directors of the Parent Company has proposed a cash dividend 15 fils per share for the year ended 31 December 2025 of the paid up share capital. This proposal is subject to the approval of the ordinary general assembly of the shareholders of the Parent Company.

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

#### 16 TREASURY SHARES

As at 31 December 2025, the Parent Company' held 22,115,293 shares (2024: 19,901,274 shares) of its own shares, equivalent to 3.55% (2024: 3.35%) of the total issued share capital at that date. The market value of these shares at the reporting date was KD 8,713,425 (2024: KD 7,940,608). Reserves of the Parent Company equivalent to the cost of the treasury shares have been ear-marked as non-distributable.

#### 17 RESERVES

##### *a) Statutory reserve*

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

##### *b) Voluntary reserve*

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

#### 18 DIRECTORS' FEES

On 3 March 2025, the BOD's remuneration of KD 120,000 was approved by the shareholders in the AGM for the year ended 31 December 2024 (Note 20).



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 19 SUBSIDIARIES

Details of Subsidiaries are set out below:

Name of the company	Percentage of ownership		Country of incorporation	Principal activity
	31 December 2025	31 December 2024		
<i>Directly held:</i>				
Drawbridge Securities Limited*	50%	50%	United Kingdom	Property development
Salhia International Investment Limited	100%	100%	United Kingdom	Property development
Bunyan Al-Salhia Project Management Company W.L.L.	99%	99%	Kuwait	Project management
Al Assima Real Estate Company K.S.C.	99.91%	99.91%	Kuwait	Real estate
Salhia Real Estate Bahrain S.P.C.	100%	100%	Kingdom of Bahrain	Real estate
Salhia International for Entertainment Centers K.S.C.	90%	90%	Kuwait	Entertainment
Lolworth Developments LTD	100%	100%	United Kingdom	Property development
<i>Held through Salhia International Investments Limited:</i>				
Salhia Jersey Limited	100%	100%	United Kingdom	Real estate
Salhia Investments (Birmingham) Limited	100%	100%	United Kingdom	Real estate
Salhia Investment Residential Limited	100%	100%	United Kingdom	Real estate
<i>Held through Bunyan Al-Salhia Project Management Company W.L.L.:</i>				
Al Suwaihra Real Estate L.L.C.	99%	99%	Sultanate of Oman	Real estate
Al Suwaihra Development L.L.C.	99%	99%	Sultanate of Oman	Real estate
Al Suwaihra Global L.L.C.	99%	99%	Sultanate of Oman	Real estate
Al Waqaiba Real Estate L.L.C.	99%	99%	Sultanate of Oman	Real estate
Al Waqaiba Development L.L.C.	99%	99%	Sultanate of Oman	Real estate
Al Had Development L.L.C.	99%	99%	Sultanate of Oman	Real estate
Omq Real Estate L.L.C.	99%	99%	Sultanate of Oman	Real estate

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

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

#### 20 RELATED PARTY TRANSACTIONS

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

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

	2025 KD	2024 KD
Directors' fees (Note 18)	120,000	120,000
Gain from sale of Investment property (Note 10)	-	624,849

During the year ended 31 December 2024, the Parent Company sold a plot of the land under the Ijara contract to a related party with a carrying value of KD 12,602,000 for a total consideration of KD13,226,849. The proceeds of the sale had been utilised to settle Ijara payable (Notes 10 and 14).

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 20 RELATED PARTY TRANSACTIONS (continued)

\* During the year, the Group entered into agreement to sell a plot of land to a related party against which the Group received an advance payment amounting KD 1,974,000 which is recorded under accounts payable and other liabilities (Note 12).

#### Compensation of key management personnel

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

	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
Short-term benefits	713,981	734,296
Employees' end of service benefits	271,664	210,137
	<u>985,645</u>	<u>944,433</u>

#### 21 SEGMENTAL INFORMATION

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating consolidated statement of profit or loss as explained below:

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

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



**Salhia Real Estate Company K.S.C.P. and Subsidiaries**  
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**21 SEGMENTAL INFORMATION (continued)**

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

	31 December 2025			31 December 2024		
	Real estate operations KD	Hotel operations KD	Total KD	Real estate operations KD	Hotel operations KD	Total KD
Segment revenue	39,203,751	7,419,488	46,623,239	39,997,386	4,694,982	44,692,368
Segment operating costs	(9,779,845)	(3,066,680)	(12,846,525)	(7,497,859)	(2,746,264)	(10,244,123)
Segment gross profit	29,423,906	4,352,808	33,776,714	32,499,527	1,948,718	34,448,245
Share in joint venture's results, net of tax	-	-	-	1,612,578	-	1,612,578
Depreciation and amortisation	(7,373,229)	(1,143,169)	(8,516,398)	(7,075,261)	(1,124,234)	(8,199,495)
Administrative and marketing expenses	(3,359,992)	(1,787,505)	(5,147,497)	(3,367,657)	(1,523,648)	(4,891,305)
Finance costs	(13,992,787)	(74,854)	(14,067,641)	(14,215,764)	(56,611)	(14,272,375)
Reversal of impairment loss on investment properties	-	-	-	123,954	-	123,954
Gain on sale of investment properties	-	-	-	624,849	-	624,849
Income on settlement with a contractor	-	-	-	3,355,667	-	3,355,667
Income on provision no longer required	350,665	-	350,665	-	-	-
Segment results	5,048,563	1,347,280	6,395,843	13,557,893	(755,775)	12,802,118
Investment income	-	-	104,858	-	-	169,790
Other non-operating income	-	-	(15,500)	-	-	477,855
KFAS, NIST, Zakat and directors' fees	-	-	(287,960)	-	-	(720,422)
Profit for the year	-	-	6,197,241	-	-	12,729,341
Segment assets	536,251,795	2,797,486	539,049,281	513,857,889	3,528,608	517,386,497
Interest in joint venture	394,419	-	394,419	394,419	-	394,419
Total assets	536,646,214	2,797,486	539,443,700	514,252,308	3,528,608	517,780,916
Segment liabilities	353,840,890	3,722,892	357,563,782	331,852,475	3,251,757	335,104,232
Capital expenditure	24,726,661	6,491,196	31,217,857	94,545,928	9,888,928	104,434,856

Salhia Real Estate Company K.S.C.P. and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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21 SEGMENTAL INFORMATION (continued)

**Geographic information**

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

	31 December 2025			31 December 2024		
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>Total KD</i>	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>Total KD</i>
Revenue	46,181,543	441,696	46,623,239	44,232,195	460,173	44,692,368
Assets	483,542,009	55,901,691	539,443,700	482,234,782	35,546,134	517,780,916
Capital expenditure	10,944,538	20,273,319	31,217,857	86,730,512	17,704,344	104,434,856



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

#### 22 RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

##### Market risk

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

##### *Interest rate risk*

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

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to its fixed deposits and commercial financing which are both at fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between floating rate and fixed rate borrowings.

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

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

	<i>Increase in basis points</i>	<i>Effect on profit before KFAS, NLST, Zakat and directors' fees KD</i>
2025		
KD	25	(780,226)
GBP	25	(7,757)
2024		
KD	25	(713,950)
GBP	25	(7,757)

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

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

#### 22 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### Market risk (continued)

###### Foreign currency risk

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

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

Currency	2025		2024	
	Increase in currency rate in %	Effect on consolidated statement of profit or loss KD	Increase in currency rate in %	Effect on consolidated statement of profit or loss KD
Euro	1%	979	1%	5,134
GBP	1%	13,167	1%	23,379

Currency	Effect on consolidated statement of OCI KD		Effect on consolidated statement of OCI KD	
	Increase in currency rate in %	Increase in currency rate in %	Increase in currency rate in %	Increase in currency rate in %
GBP	1%	85,345	1%	80,425

###### Equity price risk

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

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

Market indices	2025		2024	
	Change in equity price %	Effect on other comprehensive income KD	Change in equity price %	Effect on other comprehensive income KD
International	5%	4,654	5%	26,366

##### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by setting limits for individual counterparties, and groups of counterparties. The Group also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

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

	2025 KD	2024 KD
Bank balances	8,283,931	7,824,457
Accounts receivable (excluding prepayments and advances)	2,284,226	4,448,032
<b>Total exposure of credit risk</b>	<b>10,568,157</b>	<b>12,272,489</b>



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

#### 22 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### Credit risk (continued)

###### Bank balances

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

###### Accounts receivable

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

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

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

2025	<i>Accounts receivable</i>					
	<i>Days past due</i>					
	<i>&lt; 30 days</i>	<i>30 to 60</i>	<i>60 to 90</i>	<i>90 to 120</i>	<i>120 to 365</i>	<i>Total</i>
<i>KD</i>	<i>days</i>	<i>Days</i>	<i>days</i>	<i>days</i>	<i>KD</i>	
Estimated total gross carrying amount at default	476,840	257,300	21,152	117,544	679,881	1,552,717
Estimated credit loss	11,564	18,792	2,395	17,356	94,447	144,554
Expected credit loss rate	2%	7%	11%	15%	14%	9%

2024	<i>Accounts receivable</i>					
	<i>Days past due</i>					
	<i>&lt; 30 days</i>	<i>30 to 60</i>	<i>60 to 90</i>	<i>90 to 120</i>	<i>120 to 365</i>	<i>Total</i>
<i>KD</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>KD</i>	
Estimated total gross carrying amount at default	323,885	466,037	278,566	238,701	1,450,051	2,757,240
Estimated credit loss	33,493	50,239	45,359	87,919	259,419	476,429
Expected credit loss rate	10%	11%	16%	37%	18%	17%

###### Amounts due from related parties and other receivables

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

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

#### 22 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### Liquidity risk

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

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2025 and 31 December 2024 based on contractual undiscounted payments:

	<i>Within 3 months KD</i>	<i>3 to 6 months KD</i>	<i>6 to 12 months KD</i>	<i>Over one year KD</i>	<i>Total KD</i>
<b>2025</b>					
Due to banks and financial institution	-	-	5,172,385	-	5,172,385
Accounts payable and other liabilities*	8,877,489	2,709,599	4,472,594	11,715,582	27,775,264
Commercial financing	73,169	73,169	146,338	3,378,711	3,671,387
Islamic financing	20,376,158	4,630,349	32,174,179	316,593,902	373,774,588
	<u>29,326,816</u>	<u>7,413,117</u>	<u>41,965,496</u>	<u>331,688,195</u>	<u>410,393,624</u>
Contingent liabilities	-	-	2,371,891	325,980	2,697,871
Capital commitments	4,179,731	3,979,731	8,059,462	-	16,218,924
	<u>4,179,731</u>	<u>3,979,731</u>	<u>10,431,353</u>	<u>325,980</u>	<u>18,916,795</u>
	<i>Within 3 months KD</i>	<i>3 to 6 months KD</i>	<i>6 to 12 months KD</i>	<i>Over one year KD</i>	<i>Total KD</i>
<b>2024</b>					
Due to banks and financial institution	-	-	9,935,501	-	9,935,501
Accounts payable and other liabilities*	7,123,541	2,820,347	2,483,344	17,733,254	30,160,486
Commercial financing	117,156	118,458	119,760	10,122,559	10,477,933
Islamic financing	8,396,993	4,819,842	16,051,061	336,371,305	365,639,201
	<u>15,637,690</u>	<u>7,758,647</u>	<u>28,589,666</u>	<u>364,227,118</u>	<u>416,213,121</u>
Contingent liabilities	-	-	1,858,086	-	1,858,086
Capital commitments	8,409,531	7,666,902	4,080,335	14,751,342	34,908,110
	<u>8,409,531</u>	<u>7,666,902</u>	<u>5,938,421</u>	<u>14,751,342</u>	<u>36,766,196</u>

\* Excluding rents received in advance



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

#### 23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

The maturity profile of assets and liabilities was as follows:

	<i>Within 3 months KD</i>	<i>3 to 6 months KD</i>	<i>6 to 12 months KD</i>	<i>Over one year KD</i>	<i>Total KD</i>
<b>2025</b>					
<b>ASSETS</b>					
Cash and bank balances	8,300,733	-	-	-	8,300,733
Inventories	184,053	-	-	-	184,053
Accounts receivables and other assets	515,274	830,246	3,693,949	538,694	5,578,163
Financial assets at fair value through other comprehensive income	-	-	450,794	5,982,882	6,433,676
Interest in joint venture	-	-	-	394,419	394,419
Investment properties	-	-	-	417,989,415	417,989,415
Property and equipment	-	-	-	100,563,241	100,563,241
<b>TOTAL ASSETS</b>	<b>9,000,060</b>	<b>830,246</b>	<b>4,144,743</b>	<b>525,468,651</b>	<b>539,443,700</b>
<b>LIABILITIES</b>					
Due to banks and financial institution	-	-	4,973,447	-	4,973,447
Accounts payable and other liabilities	9,877,522	2,897,224	5,570,961	18,978,878	37,324,585
Commercial financing	-	-	3,175,480	-	3,175,480
Islamic financing	17,101,000	1,500,000	26,166,667	267,322,604	312,090,271
<b>TOTAL LIABILITIES</b>	<b>26,978,522</b>	<b>4,397,224</b>	<b>39,886,555</b>	<b>286,301,482</b>	<b>357,563,783</b>
<b>NET ASSETS</b>	<b>(17,978,462)</b>	<b>(3,566,978)</b>	<b>(35,741,812)</b>	<b>239,167,169</b>	<b>181,879,917</b>

## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

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

	<i>Within 3 months KD</i>	<i>3 to 6 months KD</i>	<i>6 to 12 months KD</i>	<i>Over one year KD</i>	<i>Total KD</i>
2024					
<b>ASSETS</b>					
Cash and bank balances	-	-	7,835,016	-	7,835,016
Inventories	138,421	-	-	-	138,421
Accounts receivables and other assets	1,935,019	1,294,409	1,234,046	4,624,307	9,087,781
Financial assets at fair value through other comprehensive income	-	-	403,488	5,937,107	6,340,595
Interest in joint venture	-	-	-	394,419	394,419
Investment properties	-	-	-	397,673,925	397,673,925
Property and equipment	-	-	-	96,310,759	96,310,759
<b>TOTAL ASSETS</b>	<b>2,073,440</b>	<b>1,294,409</b>	<b>9,472,550</b>	<b>504,940,517</b>	<b>517,780,916</b>
<b>LIABILITIES</b>					
Due to banks and financial institution	-	-	9,462,382	-	9,462,382
Accounts payable and other liabilities	8,186,703	3,685,680	3,058,501	22,028,076	36,958,960
Commercial financing	-	-	10,002,800	-	10,002,800
Islamic financing	5,133,000	1,533,000	9,316,530	262,697,560	278,680,090
<b>TOTAL LIABILITIES</b>	<b>13,319,703</b>	<b>5,218,680</b>	<b>31,840,213</b>	<b>284,725,636</b>	<b>335,104,232</b>
<b>NET ASSETS</b>	<b>(11,246,263)</b>	<b>(3,924,271)</b>	<b>(22,367,663)</b>	<b>220,214,881</b>	<b>182,676,684</b>

#### 24 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	<i>2025 KD</i>	<i>2024 KD</i>
Letters of guarantee	2,697,871	1,858,086
Construction projects	16,218,924	34,908,110
	<b>18,916,795</b>	<b>36,766,196</b>

#### 25 CAPITAL MANAGEMENT

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

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

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



## Salhia Real Estate Company K.S.C.P. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 25 CAPITAL MANAGEMENT (continued)

	2025 KD	2024 KD
Accounts payable and other liabilities (excluding rents received in advance and employees' terminal benefits)	27,376,581	30,160,486
Bank borrowings	320,239,198	298,145,272
Less: bank balances and cash	(8,300,733)	(7,835,016)
Net debt	<u>339,315,046</u>	<u>320,470,742</u>
Equity attributable to the equity holders of the Parent Company	181,584,360	182,616,481
Less: Fair value reserve	474,905	567,986
Total capital	<u>182,059,265</u>	<u>183,184,467</u>
Capital and net debt	<u>521,374,311</u>	<u>503,655,209</u>
Gearing ratio	<u>65.08%</u>	<u>63.63%</u>

#### 26 FAIR VALUES MEASUREMENTS

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

2025	Level 1 KD	Level 3 KD	Total KD
<i>Financial assets at FVOCI:</i>			
Managed quoted portfolios	450,794	-	450,794
Managed unquoted portfolio	-	275,575	275,575
Unquoted equity securities	-	5,707,307	5,707,307
	<u>450,794</u>	<u>5,982,882</u>	<u>6,433,676</u>
2024	Level 1 KD	Level 3 KD	Total KD
<i>Financial assets at FVOCI:</i>			
Managed quoted portfolios	403,488	-	403,488
Managed unquoted portfolio	-	272,764	272,764
Unquoted equity securities	-	5,664,343	5,664,343
	<u>403,488</u>	<u>5,937,107</u>	<u>6,340,595</u>

During the year ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

<i>Financial assets at fair value through other comprehensive income</i>	At 1 January KD	Change in fair value KD	Capital redemption KD	At 31 December KD
2025	5,937,107	47,409	(1,634)	5,982,882
2024	6,587,860	(650,753)	-	5,937,107

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

