Annual Report 2024

Growth

Progressive

Quality

Diversification

Thrive

Legacy

شركة العقارات المتحدة
United Real Estate Co

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

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

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Board of **Directors**

Sheikha Bibi Nasser Sabah Al-Ahmed Al-Sabah
Chairperson

Mazen Issam Hawwa
Vice Chairman & Group Chief Executive Officer

Sheikh Fadel Khaled Al-Sabah
Board Member

Sana Abdullah AlHadlaq
Board Member

Samer Mohamad Imad Abbouchi
Board Member

Abdul Amir Qasem Jafar Ali
Board Member

Mahmood Ali Tifouni
Board Member

Management **Team**

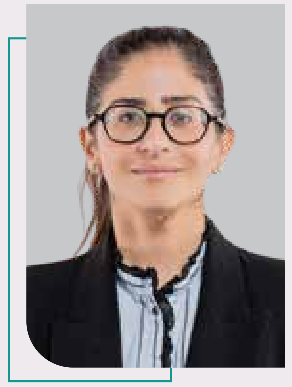
Mazen Issam Hawwa
Vice Chairman & Group Chief Executive Officer

Mishary Al Muhailan
Deputy Chief Executive Officer – Operations

Santhosh Kumar Unnikrishnan
Group Chief Financial Officer

Rashid Issa Al-Issa
Chief Human Resources Officer

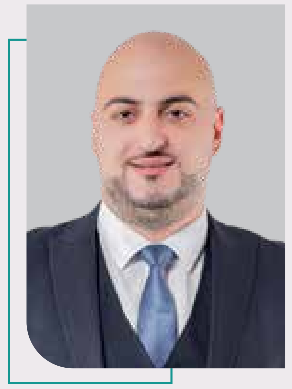
Tareq Anbousi
Chief Investment Officer



Lujain Al Saleh
Chief Sales & Marketing Officer

Abdulaziz AlNasser
SVP – Operations

Abdo Salamah
SVP – Legal, Board Secretary



Shadi Mekdashi
SVP – Risk & Compliance

Monika Yaacoub
SVP – Internal Audit

Message from the **Chairperson**

Our proactive role in shaping the future of our nation is evident as we deliver quality projects that are customer-centric, designed to meet market demands and enhance the overall experience, whether in commercial or residential spaces.

Dear Honorable Shareholders,

URC remains steadfast in its dedication to delivering a diverse range of projects across various sectors in Kuwait and the surrounding region. We have established a strong network through robust collaborations with our partners, and in 2024, we continue to refine and enhance these partnerships to improve our operational performance alongside our subsidiaries and affiliates. This strategic approach will enable us to expand our market presence effectively.

Today, Kuwait's renewed energy, reflected in both its short- and long-term visions, aligns with the core values of URC. We are committed to supporting the government's revitalized vision for economic diversification through significant investments in the real estate development sector. Our proactive role in shaping the future of our nation is evident as we deliver quality projects that are customer-centric, designed to meet market demands and enhance the overall experience, whether in commercial or residential spaces.

This commitment also extends to our CSR strategy, which mobilizes our team to serve a greater purpose by supporting national development, empowering individuals, and nurturing evolving communities.

On this occasion, I would like to express my heartfelt gratitude to His Highness the Amir of Kuwait, Sheikh Mishal Al-Ahmad Al-Jaber Al Sabah, may God protect him, for his unwavering support and wise leadership. I also extend my thanks to His Highness the Crown Prince, Sheikh Sabah Al-Khaled Al-Hamad Al-Mubarak Al-Sabah, may God preserve him, for his steady and inspiring guidance.

To our shareholders and stakeholders, thank you for your continued trust. To the Board of Directors and our executive team, your dedication is immensely appreciated. To our clients and partners, we value your confidence and look forward to our future achievements together.

Finally, to every member of the URC family, including our affiliated companies and teams on the ground, thank you. Your passion, professionalism, and commitment are what propel this company forward. Together, we will continue to build a future grounded in value, progress, and purpose.

Bibi Nasser Sabah Al-Ahmed Al-Sabah
Chairperson

Message from the **Group CEO**

Our positive performance was driven by the operational efficiency across hospitality, contracting and services sectors through URC's subsidiaries.

Dear Esteemed Shareholders,

On behalf of the Board of Directors and the Management team, and on a personal note, I extend our sincere gratitude for your continued trust and unwavering support. It is my pleasure to present the Annual Report for the fiscal year ending December 31, 2024, offering a comprehensive overview of our financial performance, key milestones, and strategic achievements throughout the year.

We remain firmly committed to building on the strength of our corporate values — particularly the expertise and dedication of our excellent team — and to playing an active role in supporting our community. These pillars continue to guide our journey toward sustainable growth, as we work to meet the ambitions of our shareholders, clients, and stakeholders, and to reinforce URC's role in shaping the future of real estate.

Throughout 2024, the local economy demonstrated resilience and progress, showing encouraging signs of growth despite prevailing challenges. These economic conditions played a key role in shaping the performance of various sectors, with real estate being no exception. Within this context, URC continued to strengthen its leadership position. Our efforts were guided by strategic initiatives focused on sustainability, innovation, and elevating the customer experience. Looking ahead, our vision remains focused on delivering long-term value for all stakeholders through sound risk management, forward-thinking investment strategies, and a commitment to excellence at every level of our operations.

Financial Performance

In 2024, URC reported a net profit of KD 5.1 million, a 21.3% increase from KD 4.2 million in 2023. Gross profit increased to KD 31.4 million in 2024 compared to KD 27.2 million in 2023, an increase of 15.5%. Earnings per share for 2024 also increased to 3.9 fils compared to 3.2 fils for the same period last year, achieving a remarkable 21% growth.

This positive performance was driven by improved operational efficiency across key business sectors — particularly hospitality, contracting and services — which contributed significantly to the overall results. Revenue increased to KD 88.6 million in 2024, compared to KD 87.3 million in 2023. This growth was supported by new contracts secured by URC's contracting subsidiaries, United Building Company (UBC), alongside facility management services provided by United Facilities Management Company (UFM).

Operational Highlights

URC maintained strong operational momentum across both local and international markets in 2024, in alignment with its strategic plan and timelines. These efforts reflect our commitment to maximizing shareholder value while embedding sustainability into every aspect of our long-term growth strategy.

In Kuwait, construction was fully completed on the residential components of the Hessah District, including Hessah Towers and Byout Hessah, with sales exceeding 93%. Handover of residential units began in the second half of 2024. Hessah District is one of the first developments in Kuwait to offer a true model of urban community living — combining luxury and functionality while setting new benchmarks in the real estate development sector. On the commercial side, construction progress was equally strong, with Hessah Work reaching 95% completion and Hessah Health at 91%. Meanwhile, Hessah Plaza and Hessah Hub have both completed construction.

Regionally, URC achieved a major milestone with the launch of the Waldorf Astoria Cairo Heliopolis through Gulf Egypt for Hotels and Tourism Company, a subsidiary of URC. We continued to report strong occupancy rates across our regional assets, reinforcing URC's strategy of sustainable growth through investment diversification and targeting new sectors.

In a key strategic move, URC through its wholly owned subsidiary, Jiwar International for Land and Real Estate Management and Development Company, was awarded by the Public Authority for Housing Welfare (PAHW) a contract to develop investment plots in Sabah Al Ahmad Residential City. Spanning 35,000 square meters, the project will include green spaces, commercial outlets, and entertainment zones — all designed according to high standards of urban development. With a 20-year investment horizon, the initiative reflects URC's commitment to public-private partnerships that enhance quality of life and support environmentally conscious living.

URC's commitment to excellence was recognized with several prestigious awards in 2024. Hessah Towers was named "Development Project of the Year" in Kuwait, while the Waldorf Astoria Cairo Heliopolis received "Best Refit Project of the Year" at the MEED Projects Awards 2024. These accolades reaffirm URC's reputation as a leading developer known for its innovative, high-quality developments and its role in shaping architectural landmarks both locally and regionally.

Strategic Partnerships and Community Initiatives

URC remains committed to investing in future generations and supporting both students and the wider community. This reflects the company's ongoing efforts to lead and participate in meaningful initiatives that benefit society and highlight the private sector's vital role in community engagement. In line with this commitment, URC sponsored several career fairs, supported student graduation projects, and provided training programs for fresh graduates — helping them gain valuable skills and prepare for entry into the workforce.

As part of its role as a strategic partner with the United Nations (UN) in advancing women's empowerment, URC renewed its partnership for the second consecutive year with Alnowair, supporting an initiative that empowers young women through purposeful theater. The company also sponsored the URC Women's League in collaboration with the Women's Committee of the Kuwait Football Association, reinforcing its support for the development of women's sports in Kuwait. Further emphasizing its leadership in CSR, URC hosted various sports events at Marina World. These included Kuwait's first international show jumping tournament by the sea, KIB The Stadium, and the Flair Festival, the country's largest sports festival, held on Marina Beach.

Human Resources and Digital Transformation

Grounded in our belief that people are at the heart of progress, URC continued to prioritize the development and support of our people by equipping them with the skills, tools, and programs needed to enhance performance and drive success. These efforts have contributed to attracting and retaining talented national professionals, with the company's nationalization rate reaching 55%. This reflects our ongoing commitment to empowering local talent and embedding a culture of sustainable national workforce development. The representation of women across the Group including managerial roles has continued to grow, further reinforcing our commitment to diversity and inclusion.

In parallel, URC advanced its digital transformation strategy by investing in the development of a more robust digital infrastructure. This has improved operational efficiency and enabled the integration of a unified platform for financial data management, enhancing governance and internal controls. The continued digitization of internal operations also supports a more seamless and effective experience for all stakeholders.

Future Outlook

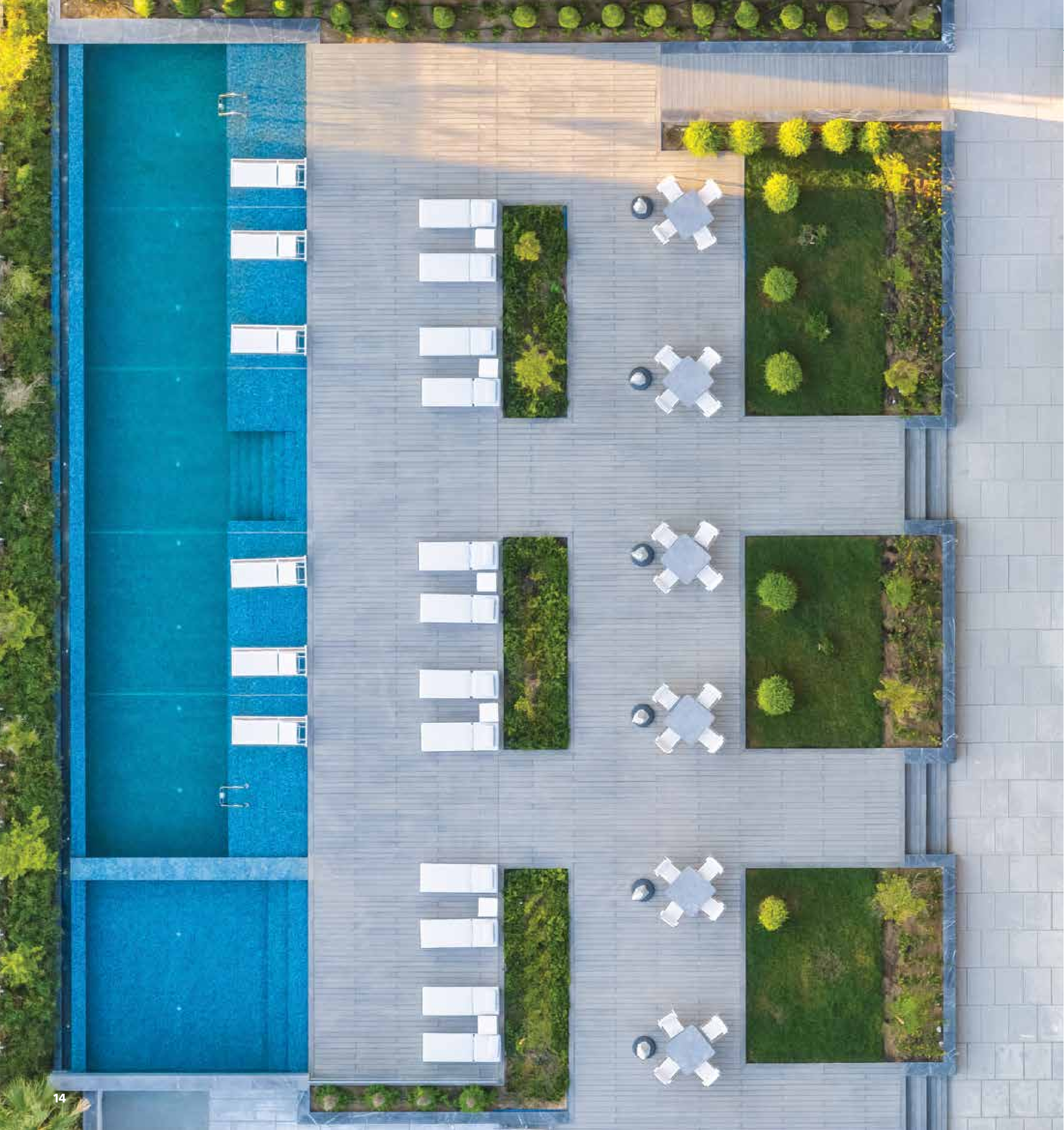
The Real Estate sector in Kuwait is expected to play a focal role in shaping resilient urban growth as part of their economic diversification Strategy. Such structural shifts—paired with government-backed investment in developing new communities—are creating a strong pipeline of opportunity for private sector players.

URC is well-positioned to support this momentum through its extensive expertise and arms of operating subsidiaries, and affiliates across various fields including construction and contracting services, facility management, and project management, ensuring a comprehensive and integrated approach to development and long-term success. With a proven track record and a customer-centric approach, URC remains committed to creating sustainable, high-quality communities that enhance everyday living.

The successful delivery of Hessah District underscores the company's ability to translate vision into reality through integrated, thoughtfully designed neighborhoods. URC will continue to achieve success and benefit from a diversified portfolio of assets across key sectors, including retail, hospitality, commercial, and mixed-use developments, further enhancing its market position.

As we conclude this report, I would like to express my gratitude to the Board of Directors for their trust and ongoing support. I also extend my appreciation to the management team for their dedication, leadership, and efforts in achieving our 2024 goals. Most importantly, I thank all URC employees for their commitment and hard work. Finally, to our valued shareholders — thank you for your continued trust in URC.

Mazen Issam Hawwa
Vice Chairman & Group CEO



URC at a Glance

United Real Estate Company K.S.C.P (URC) stands as one of the premier real estate developers in Kuwait and the MENA region. With consolidated assets of approximately KD 672 million (US$ 2.2 Billion) as of December 31, 2024. Founded in 1973 and listed on the Boursa Kuwait in 1984, the company has built a legacy spanning over five decades of development and innovation.

As the real estate arm of KIPCO Group, URC's core business revolves around real estate development and operations, with a diverse portfolio that includes retail complexes, hospitality assets, residential properties, and high-rise office buildings.

Over the years, URC has extended its footprint across multiple countries in the MENA region, reflecting its regional ambitions and strategic diversification beyond its Kuwaiti origins which resulted in urban development projects consistently demonstrating the company's dedication to quality and growth.

Beyond its primary focus on development, URC has expanded its operational scope to include construction and contracting services, comprehensive facility management, and professional project management through its subsidiaries. This integrated approach allows URC to maintain quality control across the entire development lifecycle while creating added value for its customers.

Key Financial **Highlights**

Total Revenue
88.6 KD Million

2023 | 87.3 KD Million | 1.5%

Earning Per Share (Eps)
3.9 Fils

2023 | 3.2 Fils | 21.4%

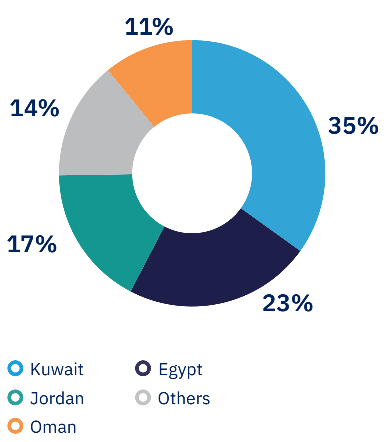
Net Profit
5.1 KD Million

2023 | 4.2 KD Million | 21.3%

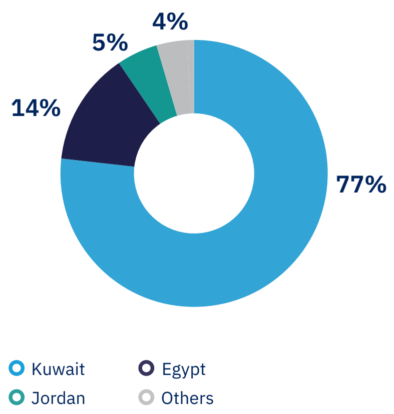
Total Assets
672 KD Million

2023 | 665 KD Million | 1.0%

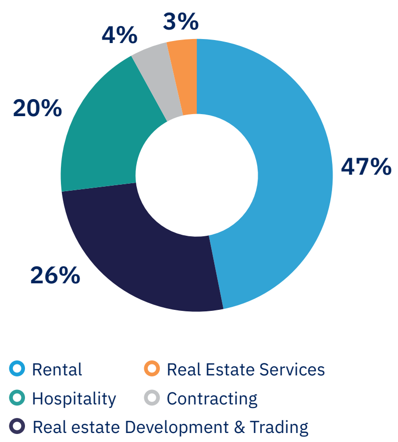
Assets by Geography
672 KD Million



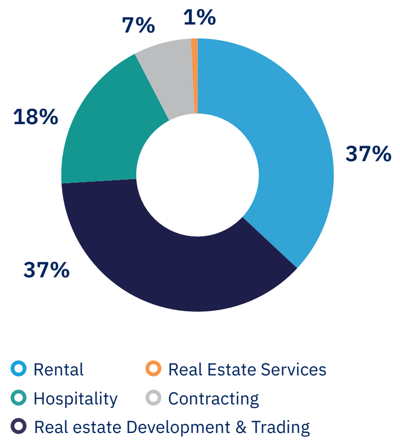
Revenue by Geography
89 KD Million



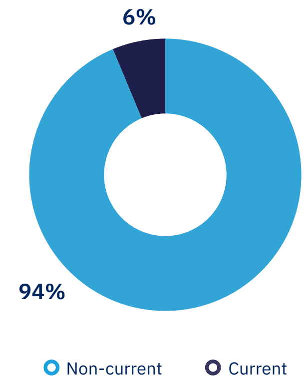
Assets by Segment
672 KD Million



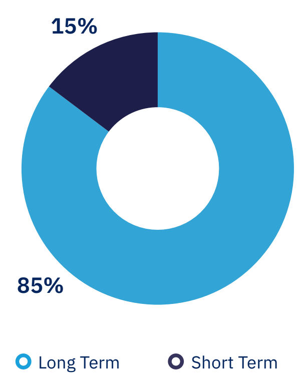
Revenue by Segment
89 KD Million



Debt Mix
365 KD Million

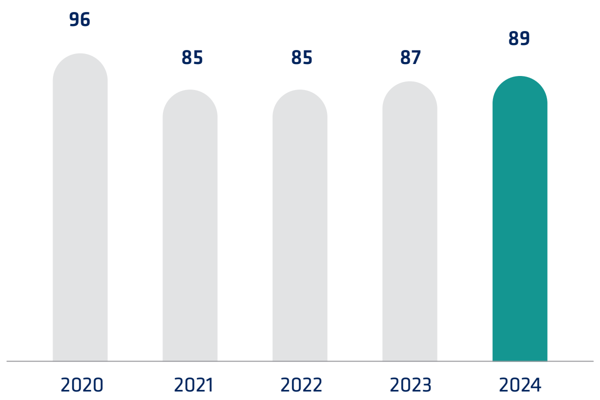


Assets Mix
672 KD Million

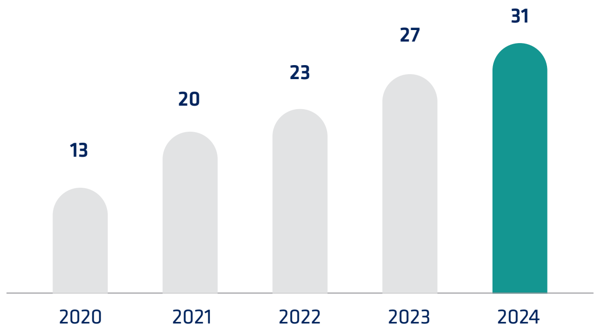


Key Financial **Highlights**

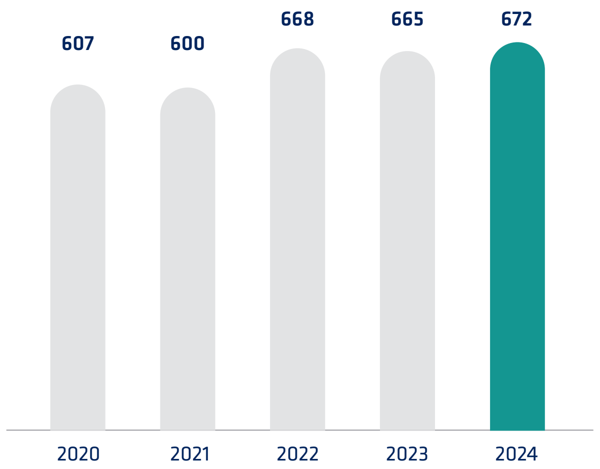
Revenue
KD Million



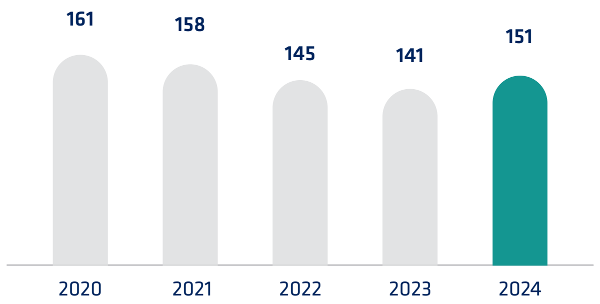
Gross Profit
KD Million



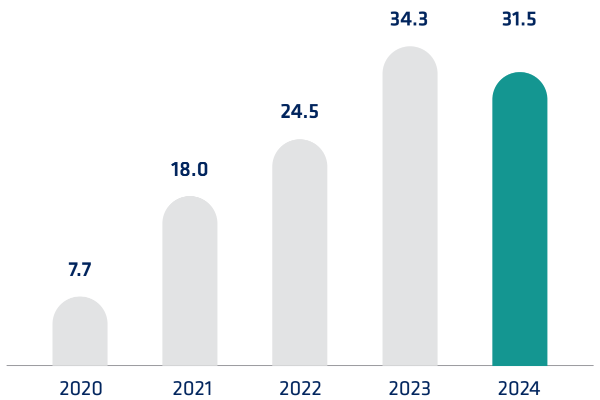
Total Assets
KD Million



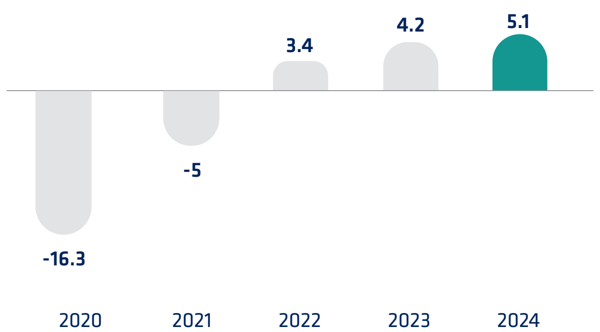
Book Value Per Share
Fils



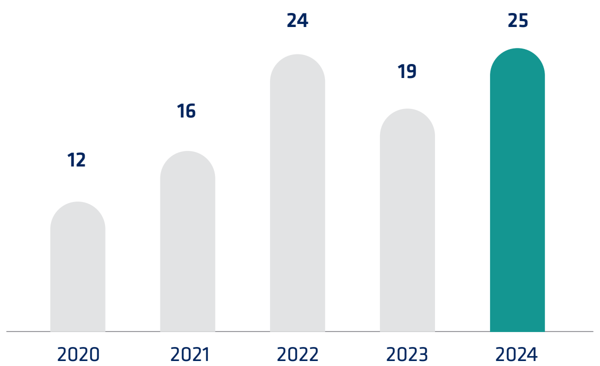
EBITDA
KD Million



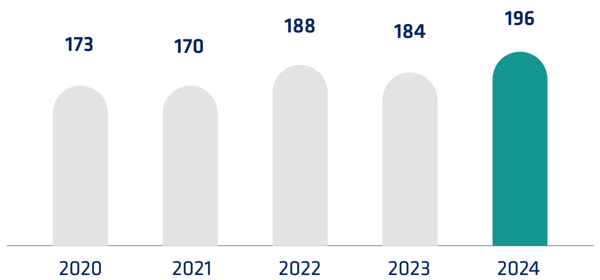
Net Profit
Kd Million

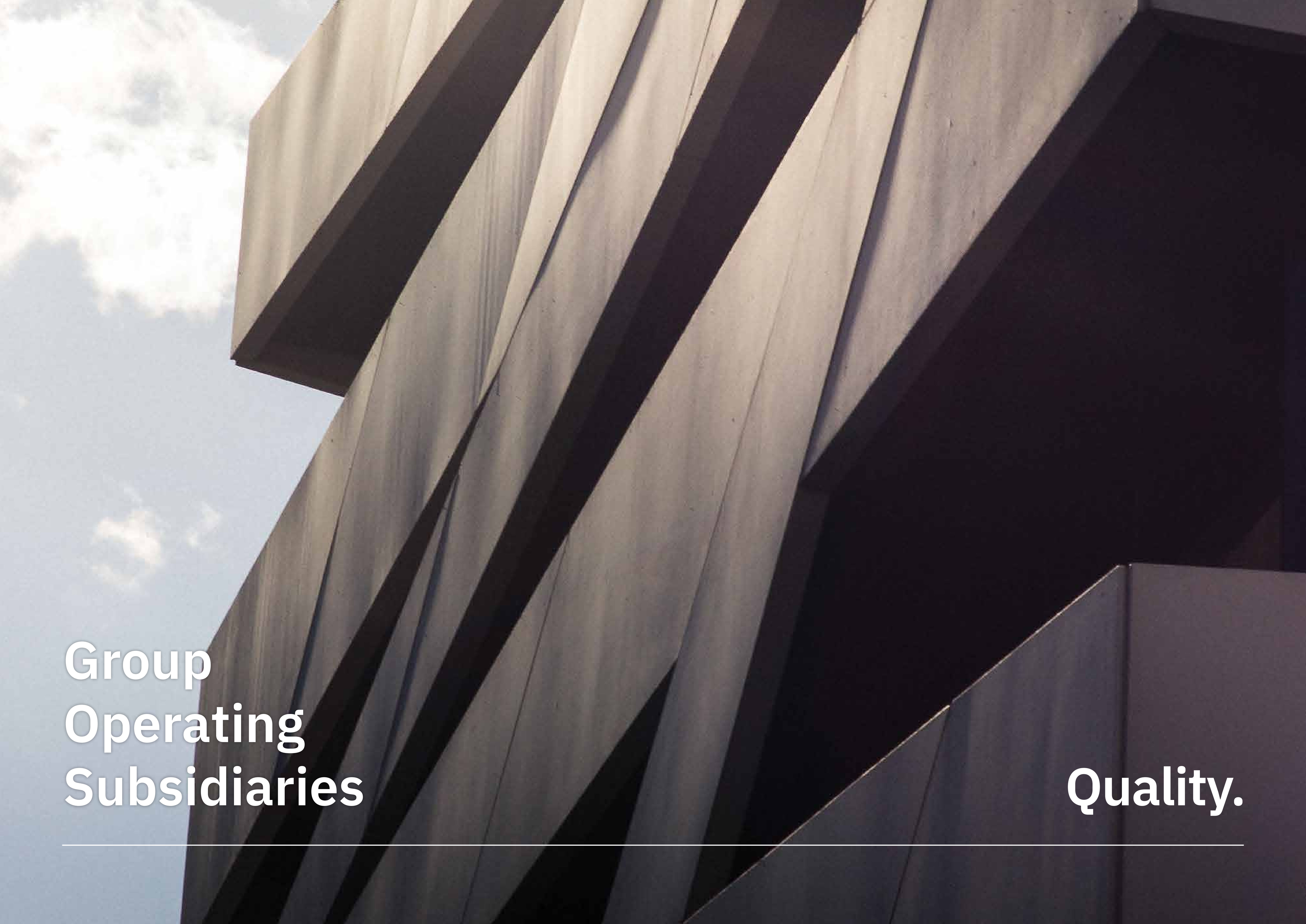


Cash Flow From Operations
KD Million



Shareholders Equity
KD Million





Group Operating Subsidiaries

Quality.

المتحدة لإدارة المرافق
United Facilities Management

Established in 2008, United Facilities Management (UFM) is the first company in Kuwait to offer comprehensive property and facility management services, along with related consultancy.

With a stake of 99.2% owned by United Real Estate Company, UFM continues to be one of the leading companies in the field of integrated facilities management, providing comprehensive support from the design phase through to full operational management.

The company serves a diverse range of clients, including government ministries and commercial establishments, and its portfolio includes commercial and residential real estate management across several countries in the MENA region.

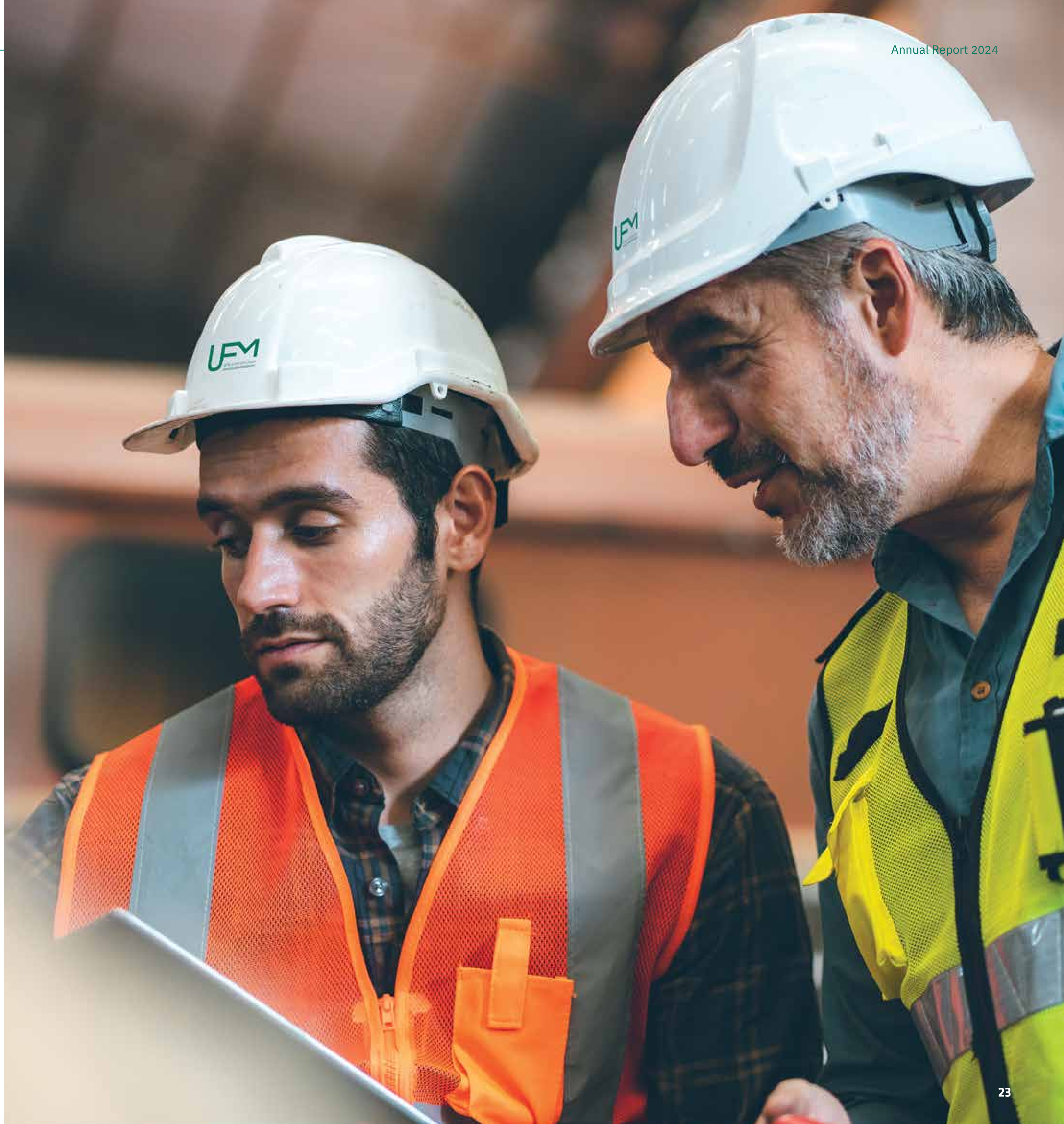
United Facilities Management (UFM)

Mr. Ibrahim Abdul Latheef
CEO

Number of Contracts
+250

Total Annualized Value of Contracts
+30M KD

Total Employees
+7K



United Building Company (UBC) is a fully owned subsidiary of United Real Estate Company (URC), and a leading entity in the construction and real estate sector in Kuwait.

Established in 1973 and classified as a “first” grade contracting company since 1984, UBC has developed into a premier contracting company renowned for its expertise in engineering, construction, and project management reinforcing its reputation as a trusted partner for both public and private sector clients.

United Building Company (UBC)

Mr. Mohammad Alaa Zekri
CEO

Completed Projects
+31

Value of Projects on Hand
+37M KD

Total Employees
+400

Years of Experience
+51

شركة الخليج مصر للفنادق و السياحة

GULF - EGYPT FOR HOTELS & TOURISM (S.A.E.)

Established in 1976, Gulf-Egypt for Hotels & Tourism (S.A.E) is an Egyptian-based subsidiary company which is owned by United Real Estate Company (URC). The company owns both Hilton Cairo Heliopolis & Waldorf Astoria Cairo Heliopolis, as well as land assets in Al Orouba and in Sharm El Sheikh, Egypt.

Gulf-Egypt for Hotels & Tourism

Mr. Mohsen Abu Al Azm
Managing Director

Assoufid Group operates through real estate and service entities for the Assoufid Development Project located in Marrakech, the Kingdom of Morocco.

Assoufid Group is owned by Assoufid B.V. (ABV), a private company registered in the Netherland. ABV is a subsidiary of United Real Estate Company (URC), in which URC owns a 49% stake, and oversees development and management on behalf of the Group.

Assoufid Group

Mr. Yahia Er-Rida
Executive Director

Regional Offices

Egypt

United Real Estate Holding for Financial Investments
Mr. Mohamed Helmy Shakweer
Managing Director

United Real Estate Holding for Financial Investments S.A.E., established in 2008 and owned by United Real Estate Company (URC), is one of URC's primary investment arms in Egypt.

Headquartered in Cairo, United Real Estate Holding for Financial Investments oversees a portfolio of assets and real estate investments including Aswar Residences, owned by its subsidiary, Aswar United Real Estate Company S.A.E.

Jordan

United Real Estate Company
Mr. Fares Khazaali
General Manager

United Real Estate Company Jordan P.S.C, established in 2006 and owned by United Real Estate Company (URC), is the investment arm of URC in the Kingdom of Jordan. Headquartered in Amman, URC Jordan embraces the corporate vision of enriching the local community through the development of landmark projects.

Lebanon

United Real Estate Company (Holding)
Mr. Mohamed Hashem
Administrative and Financial Director

Established in 1975, United Real Estate Company Lebanon (Holding) is headquartered in Beirut and serves as one of the primary investment arms owned by United Real Estate Company (P.S.C.) in Lebanon overseeing its subsidiaries which include the Raouche View, renowned as one of Beirut's most luxurious residential complexes.
Additionally, the Bhamdoun Hotel and Mall, under the ownership of Bhamdoun United Real Estate Company, is renowned as one of the premier and most opulent establishments in the Mount Lebanon area.

Oman

United Real Estate Company
Mr. Khalid Al Zadjali
General Manager

Established in 2007, URC Oman previously known as Al-Reef Real Estate Company is a closed Omani joint-stock company operating in the development, sale, and rental of real estate in the Sultanate of Oman. The company's portfolio includes Salalah Gardens Mall & Residences, the first integrated shopping center in the city of Salalah Featuring a wide range of shopping, dining and entertainment options, as well as traditional markets and the city's first cinema and theatre complex.

Business Associates

Mena Homes Real Estate Company

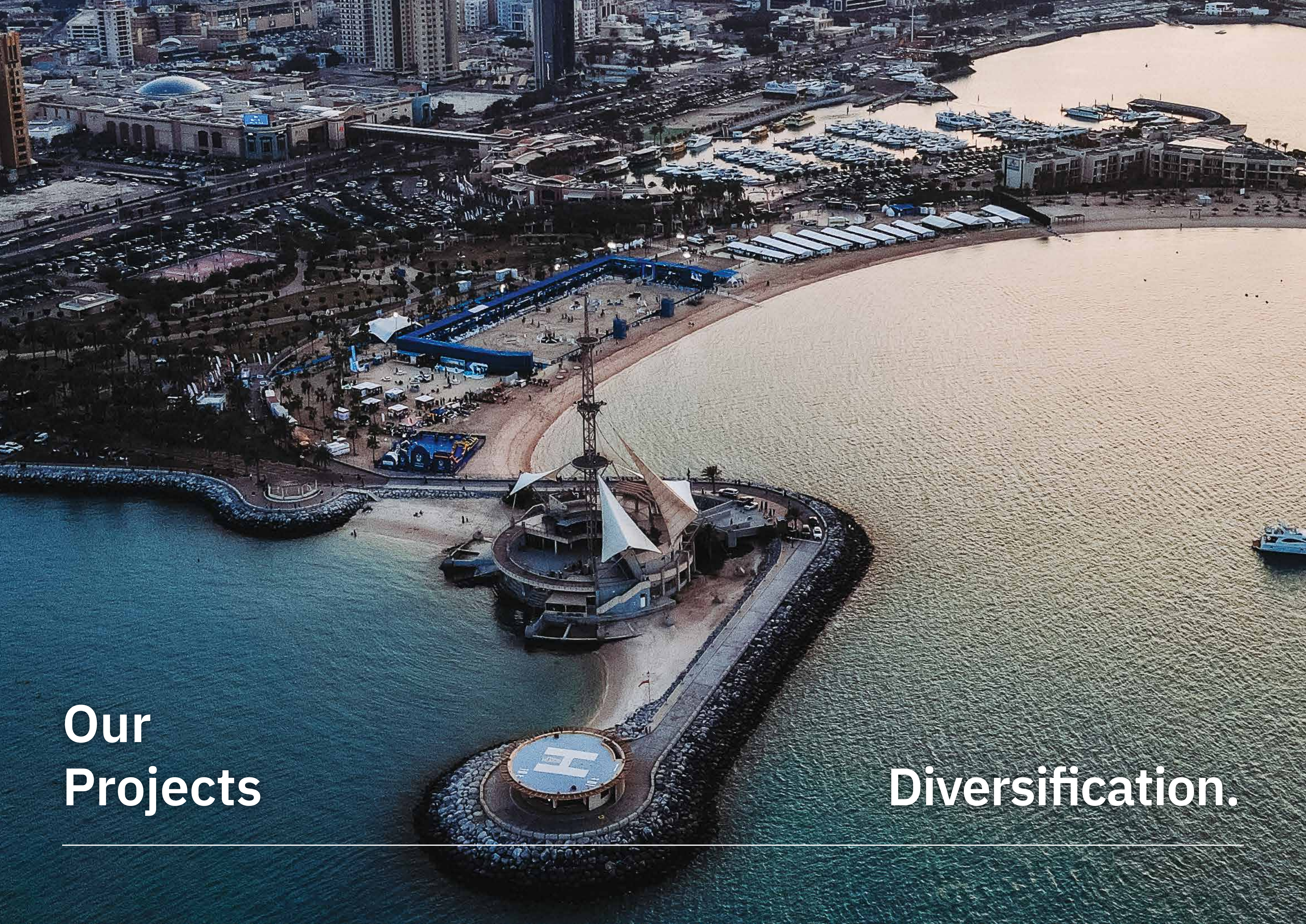
Mr. Mazen Issam Hawwa
Chairman

Mena Homes Real Estate Company K.S.C.C is a Kuwaiti closed shareholding company owned by United Real Estate Company (URC) 48.5% stake in URC with other reputable KIPCO Group subsidiaries.
Mena Homes Real Estate Company acquired plots within Hessah District, the first-ever mixed-use district developed by the private sector in Kuwait, to develop a variety of components including residential, serviced apartments, offices, health clinics, retail, and food & beverage, and a community hub.

Insha'a Holding Company

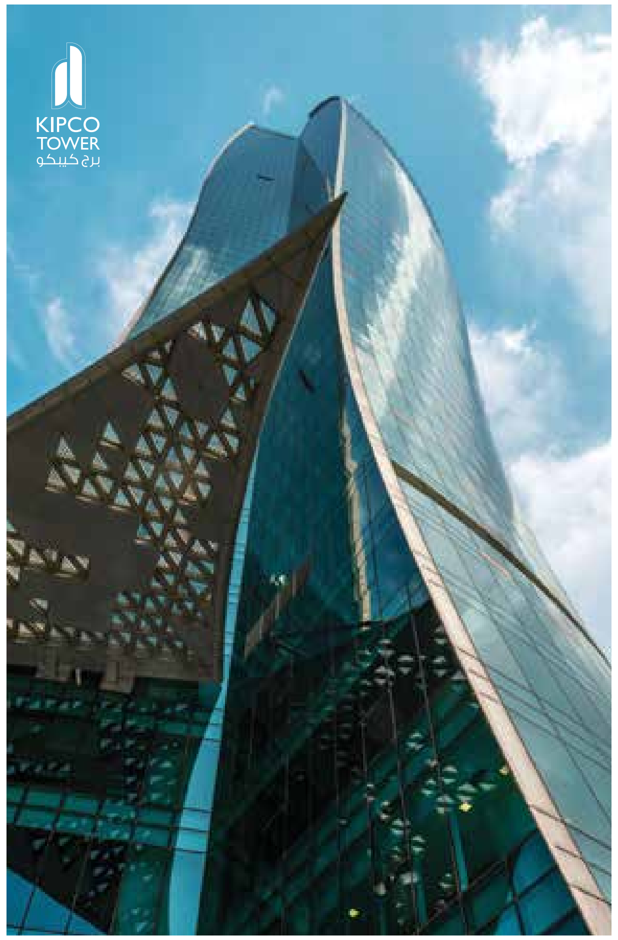
Mr. Haitham Mohammed Al Refaei
CEO

Established in 2005, Insha'a Holding Company is an industry leader for the manufacturing and supplying of building and construction materials in Kuwait. Its core business activities are specialized in ready-mix concrete, building materials, and construction chemicals and owned 40% by United Real Estate Company (URC), with 60% stake by KIPCO Group.



Our Projects

Diversification.



Hessah District project is an all-inclusive community, lifestyle hub, and mixed-use development located at Hessah AlMubarak area in Kuwait. The project brings together a variety of components including luxury residences, commercial offices, medical clinics, serviced apartments, and retail, food & beverage outlets, all of which help interconnect living and leisure for residents and commuters in this bustling epicenter for modern living.

RESIDENTIAL COMPONENTS

Construction Completion

HESSAH TOWERS
100 %

BYOUT HESSAH
100 %

Units delivered to clients

HESSAH TOWERS
166 Units

BYOUT HESSAH
79 Units

COMMERCIAL COMPONENTS

Construction Completion

HESSAH PLAZA
100 %

HESSAH WORK
95 %

HESSAH HUB
100 %

HESSAH HEALTH
91 %

Occupancy Rate

HESSAH PLAZA
71 %

HESSAH WORK
23 %

HESSAH HUB
57 %

HESSAH HEALTH
55 %

KIPCO Tower is a uniquely designed mixed-use development located in Kuwait City, comprising office spaces, residential apartments, and commercial and retail spaces. With a land plot area of 4,850 sqm and a built-up area of 96,185 sqm, the tower is equipped with a range of exclusive facilities, including around-the-clock security measures and professional facilities management services.

Built-up Area
96.2K m2

Total Visitors
198K

Number of Units
180

City Tower is a modernly designed office building located next to KIPCO Tower and Al-Shaheed Tower in Sharq, the bustling financial heart of Kuwait City. Standing at 22 floors high, City Tower comprises office spaces as well as retail units on the ground floor and the basement.

Built-up Area
8.6K m2

Number of Units
55

Number of Floors
22

Al-Shaheed Tower is an office building situated alongside KIPCO Tower and City Tower in Sharq, Kuwait. Established in 2005 and standing at 22 floors high with spectacular city and sea views, Al-Shaheed Tower provides functional and modern office spaces in the heart of Kuwait's business district.

Built-up Area
12.7K m2

Number of Units
28

Number of Floors
24

Marina Mall is one of Kuwait's premier beachfront shopping and lifestyle destinations, featuring 137 international brands across various categories, complemented by vibrant dining and entertainment offerings. Connected to the Mall are Marina Crescent and Marina Yacht Club, which offer scenic waterfront views and upscale culinary experiences.

Built-up Area
88.3K m2

Total Visitors
4.2M

Number of Units
207

Located on the Arabian Gulf in Salmiya, **Marina Hotel** is a five-star boutique hotel managed by Safir Hotels & Resorts.

The hotel offers guests a blend of comfort, privacy, and seafront views. It features a private beach, multiple swimming pools, a fully equipped gym, a full-service spa, and versatile meeting spaces.

Number of Keys
91

Total Visitors
42.5K

Al Mutahida is a multi-use commercial development that serves retail and office space. With 911 parking spaces distributed along three levels. Al-Muttaheda Souq was built in year 1978 and its still serves it community effectively.

Plot Size
10K m2

Number of Units
175

Number of Floors
7

Al-Masseel a distinguished architectural facility developed by United Real Estate Company in 1979, continues to stand as a testament to innovation and quality. Served as a hub for pioneering engineering techniques and rigorous testing of construction materials to meet the highest standards of quality, safety, and sustainability.

Today, this historic complex has been transformed to accommodate modern needs, housing office spaces and various retail shops.

Built-up Area
48.2K m2

Number of Units
211

Number of Floors
8

Gardens Mall is a prominent mixed-use destination in Salalah, Oman. Spanning over 86,000 SQM, the project features Salalah's first integrated shopping mall and is home to Salalah Gardens Hotel.

The mall offers a unique blend of retail, entertainment, and cultural experiences, cinema and a traditional souq reflecting Omani heritage.

Built-up Area
86.1K m2

Total Visitors
2.6M

Number of Units
168

Salalah Gardens Hotel is the hospitality component of the Gardens Mall development, featuring 168 rooms & located in the heart of Salalah City with just 10 minutes from the airport.Its prime location and close proximity to the mall make it a preferred choice for both leisure and business travelers visiting Salalah.

Number of Keys
168

Total Visitors
58.3K

Raouche View at 1090 (RV1090) is a high-end residential building located in Beirut and situated directly across from the Raouche Rocks. the development includes 40 apartments and two duplex penthouses .

Typical apartments are made up of four bedrooms, with a separate driver's room, storage room, service area and reserved parking for each home owner. The building is equipped with a 760 sqm health club which includes a gymnasium, sauna, steam room and indoor swimming pool. RV1090 also has a 2,250 sqm private landscaped garden with additional amenities such as an outdoor swimming pool, a seating area, and a children's pool.

Built-up Area
227K m2

Number of Units
40

Number of Floors
22

Bhamdoun is a four star hotel, The hill-top hotel enjoys a prime location within a short drive to the capital Beirut. The hotel offers unique and distinctive amenities and facilities and overlooks acres over acres of cascading terrain.

Built-up Area
20.1K m2

Number of Units
67

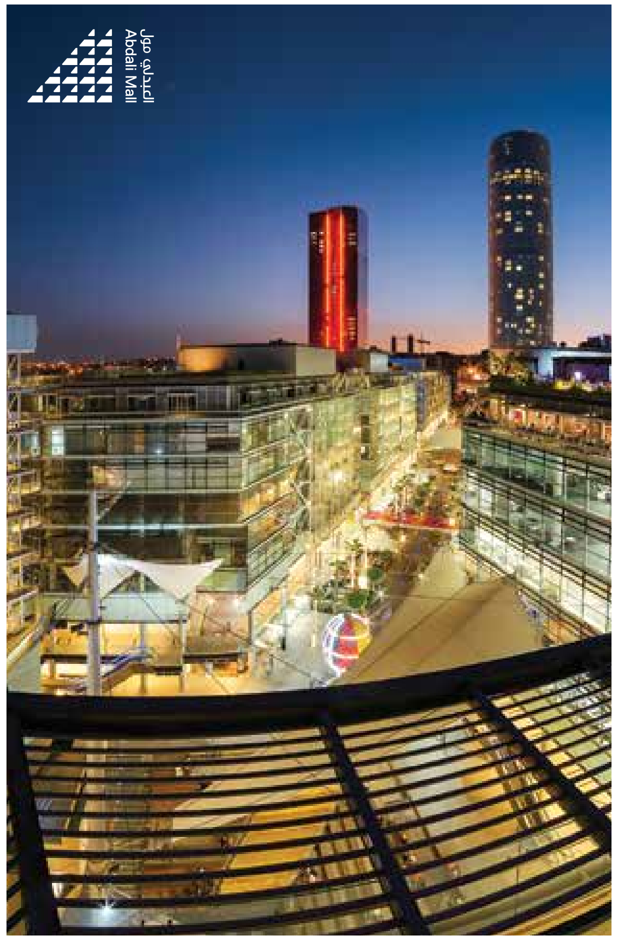
Number of Floors
10

Waldorf Astoria Cairo, operated by Hilton Group and managed through URC's subsidiary Gulf Egypt for Hotels and Tourism, is a landmark luxury destination strategically located in Cairo's prestigious Heliopolis district, The hotel, features 252 spacious and residential guest rooms, set within serene botanical surroundings, offering a tranquil retreat with easy access to key attractions including the Grand Egyptian Museum and the New Administrative Capital. With four fine-dining venues, a signature Waldorf Astoria Spa, and expansive event facilities, the property delivers exceptional hospitality standards and reinforces URC's presence in Egypt's high-end hospitality sector.

Number of Keys	Total Visitors
252	44.5K

Hilton Cairo Heliopolis, an iconic 5-star hotel located in the vibrant city of Cairo, Egypt. With its prime location just 5 minutes away from the airport, this hotel offers a perfect blend of luxury, comfort, and convenience for both business and leisure travelers with more than 13 diverse cuisines. Built in 1979 and last renovated in 2012, Hilton Cairo Heliopolis boasts a modern and elegant design that reflects the rich history and culture of Egypt. With 589 spacious and well-appointed rooms, this hotel provides a tranquil oasis in the heart of the city. Each room is tastefully decorated and equipped with modern amenities to ensure a comfortable stay.

Number of Keys	Restaurants
589	9



Abdali Mall, located in the heart of Amman, is the Kingdom's premier retail and entertainment destination. The eco-friendly mall features open-air designs for natural airflow, housing a wide range of international and local fashion brands, cafés, restaurants, and family-friendly entertainment, including cinemas and attractions. Its sustainable design reduces water and energy consumption while creating a vibrant, sanctuary-like atmosphere for visitors.

Built-up Area	Total Visitors
227K m2	8.5M

Number of Floors
6

Assoufid is a luxury mixed-use integrated tourism and residential resort situated in the vibrant city of Marrakech, Kingdom of Morocco.

Assoufid consists of a multiple award winning 18-hole high-end golf club. The golf course lies on a naturally undulating terrain, with the beautiful, snow-capped Atlas Mountains providing a stunning backdrop, giving golfers an unforgettable experience. This resort will also include a signature restaurant, pro shop, and a member's lounge, along with several luxury residential villas.

Plot Size	Total Residential Units
2.5M m2	+700

Golf Course Area
640K m2

Progressive.

Community Initiatives

Empowering Students & the Next Generation

+5,000
Students reached through career fair sponsorships, educational lectures, and seminars.

+200
Students attended field trips to URC projects.

3,200
Students participated in Alnowair's Young Women Leadership Initiative.

Cultivating a Strong Career Culture & Team Development

32
Internal events focused on employee wellbeing and workplace culture.

711
Educational trainings and workshops conducted for employees.

55%
Of leadership positions are held by local talent.

19
New hires joined URC.

2024 Awards & Recognition

"Development Project of the Year 2024" for Hessah Towers from MEED Project Awards.

"Refit Project of the Year" for Waldorf Astoria Cairo Heliopolis from MEED Project Awards.


"Most Innovative Community Developer" from Global Business Outlook

Supporting Youth Talent & Sports Sponsorship

+8,000
Visitors attended Flare Festival.

+7,000
Visitors at KIB The Stadium by Marina Beach.

+2,500
Attendees at the Women's Football League.

Championing Women's Empowerment

29%
Of women at URC hold leadership positions.

38%
Of URC's workforce is Women.

17%
Of total events is women empowerment initiatives.

Strategic Partnerships 2024

Women Football League

UN Women's Empowerment Principles

Alnowair NGO

Suffix Sports Management

A Year in **Review**

In 2024, URC reaffirmed its commitment to society through initiatives centered around its three main pillars: Education, Health, Wellbeing, and Women Empowerment. The company actively participated in and sponsored a variety of programs, including sports events, educational and developmental initiatives, and community-focused activities designed to engage youth across diverse age groups and interests.

+18

Events were held to inspire youth, promote education and health, and empower women.

6

Sponsorships were provided to support various fields and promote creativity.

9

Community initiatives we've participated in.

6

Strategic conferences were attended by company representatives.

"Building a Successful Career Trajectory" seminar

AUK's Career Growth Fair

Field Trip to Hessah District

Field Trip to KIPCO Tower

Flare Festival

The Women Football League

KIB The Stadium

Blood Donation in Collaboration with Kuwait Central Blood Bank

Employee Eye & Hearing Screenings with Hassan's Optician

Alnowair Grand Ceremony

Loyac Award Ceremony

Thrive.

Corporate Governance Report

Corporate Governance Report
For the Financial Year ended 31/12/2024

1. First Rule - Construct a Balanced Board Composition

a. Brief on the composition of the Board of Directors, as follows:

Name	Classification of member	Qualifications & Experience	Election Date/ Appointment
Sheikha. Bibi Nasser Al-Sabah	Non-Executive	Sheikha Bibi Nasser Al-Sabah has been a Board Member of United Real Estate Company K.S.C.P (URC) since 2006 and was appointed as the Chairperson of the Board of Directors in 2019, with her tenure reaffirmed in 2022. With over 20 years of leadership experience, Sheikha Bibi has played a pivotal role in strategic decision-making, financial oversight, and operational governance across URC's business objectives and projects. She has also served on multiple Board Committees, contributing to key areas such as financial planning, corporate management, and business development. Sheikha Bibi holds a Bachelor of Arts in Liberal Arts from The New School University, New York City, graduating in 2003. She founded the Social Work Society (SWS) in 2005, a Kuwaiti civil society organization dedicated to protecting and supporting victims of human rights violations and marginalized groups subjected to unequal or selective applications of Kuwaiti laws. Her unwavering commitment to human rights advocacy in the Arabian Gulf earned her the prestigious Chaillot Prize, and she was named a Goodwill Ambassador by the International Organization for Migration in recognition of her contributions to humanitarian and social causes. Sheikha Bibi remains actively engaged in leadership and management development programs, continuously enhancing her expertise in corporate governance and strategic management.	08/05/2022
Mr. Mazen Issam Hawwa (Representing Al-Dhiyafa United Real Estate Co.)	Executive	Mr. Mazen Issam Hawwa has been serving as URC's Vice-Chairman and Group Chief Executive Officer since 2020. He is a senior executive with over 25 years of multi-facet experience in various industries including real estate and financial services, and sits on the board of its several group companies. Mr. Hawwa joined KIPCO Group as part of the finance and accounting team in 2001 and was last the Deputy Group Chief Operating Officer, leading finance and operations. He also serves on the board of several KIPCO operating subsidiaries, providing thought leadership, advice on strategic directives, financial planning, and governance. Mr. Hawwa holds an Executive MBA from HEC Paris and is a graduate of the Lebanese American University. He has attended several executive education programs, including the General Management Program at Harvard Business School, and holds several professional qualifications from prominent US-based institutions.	08/05/2022

Name	Classification of member	Qualifications & Experience	Election Date/ Appointment
Mrs. Sanaa Abdullah Al Hadlaq (Representing First North Africa Real Estate Company)	Non-Executive	Mrs. Sanaa Al-Hadlaq has extensive proven experience in the field of investment and wealth management, from working for several leading companies and institutions in the State of Kuwait, as she joined KAMCO Investment Company in 2002, where she upgraded in positions, the last of which was the position of CEO of the wealth sector in 2016. Mrs. AL-HADLAQ is responsible for providing advisory services to clients, seizing potential investment opportunities, and focusing on developing and expanding the company's client base in addition to strengthening and enabling relations with investors for individuals, family corporations, and institutions alike, she made huge steps that led her to pay further efforts to promote such a field. In addition to her membership on many boards of directors of listed and unlisted companies, leading in the field of financial and investment services, along with many administrative committees. Mrs. AL-HADLAQ is a graduate of Kuwait University in the field of political science and public administration, and she has many qualifications in the field of wealth management and leadership roles.	08/05/2022
Mr. AbdulAmir Qasem Al-Muscati	Independent	Mr. Abdul Amir Al Muscati has over 20 years of experience in the fields of communications, contracting, project management, and real estate development. He serves as the Executive Director and a board member of Middle East Telecommunications Company (METCO), Vice Chairman of Towell Ventures, and a board member of United Real Estate Company. Before that, Mr. Abdul Amir served as the VP - Business Development at United Real Estate Company, as well as the CEO of Al Dhiyafa Holding Company, and the General Manager of United Universal Company and United Real Estate Company, Bahrain. In addition to his membership on the boards of Al Dhiyafa Holding Company, United Facilities Management, and Al Reef Real Estate Company, Oman. Mr. Abdul Amir has a bachelor's degree in electrical engineering from California State University, Los Angeles.	08/05/2022
Mr. Mahmood Ali Tifouni (Representing Al-Zad Real Estate Co.)	Non-Executive	Mr. Mahmood Tifouni has over 20 years of experience in the field of Asset Management. He serves as the Director for Equity & Fixed Income at KAMCO Invest, along with his membership on several boards of directors including Manafea Holding Company, and URC, and actively serves on Board Committees. Before joining KAMCO, he co-founded in 2005 the Social Work Society (SWS), a Kuwaiti civil society organization aiming to protect, support, and provide services to victims of human rights violations and marginalized groups. He worked at the Kuwait Fund for Arab Economic Development. Mr. Mahmood holds a bachelor's degree in finance from the University of Denver since 2002.	08/05/2022

Name	Classification of member	Qualifications & Experience	Election Date/ Appointment
Sheikh. Fadel Khaled Al-Sabah	Independent	Sheikh Fadel Al-Sabah has over 40 years of experience in the fields of business management and real estate investment.	08/05/2022
Mr. Adel Jassem Al-Waqayan (Representing Al Tadamon United Holding Company)*	Non-Executive	Mr. Adel Jassem Al-Waqayan has over 35 years of experience in the banking and real estate investment sectors, he holds an MBA from the University of Southern Indiana (USI).	04/05/2023*
Mr. Samer Imad Abbouchi (Representing Al Tadamon United Holding Company)*	Non-Executive	Mr. Samer Imad Abbouchi joined KIPCO's investment team in 2023 to monitor the performance of the Holding's finance and real estate sectors and became Deputy Group Chief Investment Officer in 2025. He has a career spanning 20 years during which he gained significant exposure to the financial sector in Kuwait and the MENA region, with particular emphasis on investment banking. Before joining KIPCO, Mr. Abbouchi held several positions at Gulf Bank, including Deputy GM - Investment Banking and Head of Strategic Investments. He started his career with Ernst & Young and worked at Global Investment House. Mr. Abbouchi holds a BA in Business Administration from the American University of Beirut, an MBA from London Business School, and is a CFA Charter holder.	18/01/2024*
Mr. Abdo Salama El-Dabea	Board Secretary	Mr. Abdo Salama Al-Dabea enjoys over 30 years of experience in various legal and judicial fields, including commercial and civil laws, corporate laws, and Capital Markets Authority regulations. He has extensive expertise in the legal procedures, rules, and practices followed in Kuwait and several other Middle Eastern countries. His experience also includes mergers and acquisitions, Private and Public Partnerships (PPP), real estate development projects, property management, hospitality, and contracting. He currently heads the Department of Legal Affairs at United Real Estate Company. Mr. Abdo earned his bachelor's degree in law from the Faculty of Law at Alexandria University, Arab Republic of Egypt in 1994. He has participated in numerous scientific and legal events and conferences covering various aspects of law and its practices.	Appointed on 08/05/2022

*Al Tadamon United Holding Company has changed its representative during the year by appointing Mr. Samer Imad Abbouchi as a successor to Mr. Adel Jassem Al-Waqayan, effective from 18/01/2024.

b. Brief on the Company's Board of Directors meetings, through the following statement:

The Board of Directors (BOD) was formed during the Annual General Meeting (AGM) held on 08/05/2022. The BOD held (8) meetings during 2024. The meeting details are as follows.

Board of Director Meetings during 2024									
Name of Member	Meeting No. (1) Held on 18/01/24	Meeting No. (2) Held on 12/02/24	Meeting No. (3) Held on 25/03/24	Meeting No. (4) Held on 02/05/24	Meeting No. (5) Held on 13/05/24	Meeting No. (6) Held on 09/06/24	Meeting No. (7) Held on 07/08/24	Meeting No. (8) Held on 11/11/24	Number of meetings
1. Sheikha Bibi Nasser Al-Sabah (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓	8
2. Mr. Mazen Issam Hawwa (Vice Chairman & Group CEO)	✓	✓	✓	✓	✓	✓	✓	✓	8
3. Sheikh Fadel Khaled Al-Sabah (Independent Member)	✓	X	✓	✓	X	X	✓	✓	5
4. Mr. AbdulAmir Qasem Al-Muscati (Independent Member)	✓	✓	✓	✓	✓	✓	✓	✓	8
5. Mrs. Sana Abdullah Al-Hadlaq (Non-Executive Member)	✓	X	✓	X	✓	✓	✓	✓	6
6. Mr. Mahmood Ali Tifouni (Non-Executive Member)	✓	✓	✓	✓	✓	✓	✓	✓	8
7. Mr. Samer Imad Abbouchi* (Non-Executive Member)	NA	✓	✓	✓	✓	✓	✓	✓	7
8. Mr. Adel Jassem Al-Waqayan* (Non-Executive Member)	X	NA	NA	NA	NA	NA	NA	NA	0

*Al Tadamon United Holding Company has changed its representative during the year by appointing Mr. Samer Imad Abbouchi as a successor to Mr. Adel Jassem Al-Waqayan, effective from 18/01/2024.

c. Summary of how to apply the requirements of registration, coordination, and the keeping of minutes of meetings of the Company's Board of Directors

United Real Estate Company K.S.C.P (URC) (the "Company") implemented relevant requirements regarding the registration, coordination, and recording of Board minutes of meetings. Meetings shall be held upon the invitation of the Chairperson, while emergency meetings are held based on a written request submitted by two board members whenever requested. However, no emergency meetings were held during 2024. Invitations are sent with an agenda, along with the related documents, to all members of the Board with a minimum of three (3) working days before the date of the meeting. Meetings are always scheduled after the closure of the trading period in the Boursa. The Board Secretary records the matters discussed and the decisions made in the meeting minutes, taking into account any member reservations, conflicts of interest, or dissenting opinions raised during the meeting. Minutes of meetings are recorded and indexed under sequential numbers for every year, it shows the meeting place, date, and time (start to end). Subsequently, minutes of a meeting are signed by all attending members and attached with documents presented and discussed. Finally, it is archived by the Board Secretary in a dedicated and accessible record.

d. Acknowledgment by the independent member that the controls of independence are available.

The current independent board members were elected at the AGM as outlined above in the provisions of the application of the First Rule, and each independent member submitted a declaration to the Ministry of Commerce and Industry acknowledging that it has the independence controls set out in Module (15) Fifteen "Corporate Governance" of the CMA Executive Bylaws Regulations. In addition to the annual independence assessment.

وزارة التجارة والصناعة
Ministry of COMMERCE and Industry

إقرار عضو مجلس الإدارة المستقل

أقر أنا الموقع أدناه عبد الأمير قاسم جعفر علي، بطاقة مدنية (أو جواز سفر لغير المقيم) رقم 282061901505، والمرشح كعضو مجلس إدارة مستقل لدى شركة العقارات المتحدة ش.م.ك. عامة بأنه تتوافر لدي الشروط التالية :

1- أنني أتمتع بالإستقلالية على النحو الوارد في المادة (2-3) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتهما.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الإسم : عبد الأمير قاسم جعفر علي

التاريخ : 08/05/2022

التوقيع :

وزارة التجارة والصناعة
Ministry of COMMERCE and Industry

إقرار عضو مجلس الإدارة المستقل

أقر أنا الموقع أدناه الشيخ/ فاضل خالد الجابر الصباح، بطاقة مدنية (أو جواز سفر لغير المقيم) رقم 246120300067، والمرشح كعضو مجلس إدارة مستقل لدى شركة العقارات المتحدة ش.م.ك. عامة بأنه تتوافر لدي الشروط التالية :

1- أنني أتمتع بالإستقلالية على النحو الوارد في المادة (2-3) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتهما.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الإسم : الشيخ/ فاضل خالد الجابر الصباح

التاريخ : 08/05/2022

التوقيع :

2. Second Rule - Establish Appropriate Roles and Responsibilities

a. Brief on how the company defines the policy of the tasks, responsibilities, and duties of each Member of the Board of Directors and the Executive Management members, as well as the powers and authorities delegated to the Executive Management

The Company has defined in its Article of Association (AOA) the roles and responsibilities of the Board of Directors. Additionally, the Company has set up a Board charter in which the responsibilities of the Board of Directors as a whole are defined along with the roles and responsibilities of each member, as well as the Chairperson and the Executive Management.

The Board of Directors periodically reviews the delegation of authority manual and matrix, that details - for a set period – the authorities vested for both members of the Board and Executive Management regarding administrative, financial, and operational transactions related to the Company's operations and activities. The Board retains ultimate responsibility for the company, despite forming committees or delegating certain tasks to entities or individuals.

b. Achievements of the Board of Directors during the year

- Discuss and approve the annual budget including the assessment of the capital structure and fiscal aims.
- Discuss and approve the audited final financial statements for the year 2023 as well as the interim financial statements for the year 2024.
- Approve the Company's policies and procedures and its latest updates.
- Monitor and supervise the performance of Executive Management and take necessary measures to improve that performance.
- Follow-up and discuss the latest updates over corporate projects under development including (Hessah Al Mubarak District Project "Kuwait" - Assoufid Phase II Project "Morocco" - Sharm El-Sheikh Project "Egypt". In addition to the approval of exit plans from some low-yielding investments.
- Discuss and approve the reports submitted by the various committees to the Board of Directors including Risk Management reports and reports indicating compliance with the latest regulations and policies approved by the Board.
- Discuss new investment opportunities offered by and to the Company.
- Evaluate the performance of the Board as a whole and the performance of each member.
- Assessing the performance and effectiveness of Board committees and their members.

c. Brief about the application of the formation requirements of independent specialized committees by the Board of Directors

Committee Name	Nomination & Remuneration Committee
Committee Tasks	▪ Recommend nomination and re-nomination acceptance for Members of the Board of Directors and executive management members. ▪ Set the policy for Members of the Board of Directors and executive management members' remunerations, along with an annual review of the required proper skills for Board membership. ▪ Import applications for executive positions as required, study and revise the application, and determine various remuneration categories to be provided for employees. ▪ Design job descriptions for Executive Members, Non-Executive Members of a Board of Directors, and independent members. ▪ Ensure that independent Members of the Board of Directors' independence is valid. ▪ Prepare a report of the total remunerations granted to Members of the Board of Directors, the executive body, and the managers, whether in cash or other benefits or privileges, of whatever nature and title, directly or indirectly through the company or Subsidiary Companies.
Achievements throughout the Year	▪ Reviewed the qualifications of the executive management and provided its recommendation to the BOD. ▪ Approved the annual bonuses granted to the company's employees and subsidiaries and provided recommendations to the Board in this regard. ▪ Ensured independence of independent BOD members. ▪ Reviewed regularly the required skills and qualifications for joining the BOD. ▪ Prepared job descriptions for all the BOD members. ▪ Performed the board self-assessment. ▪ Conducted periodic reviews of the required skill sets needed for new job appointments.
Date of Formation	08/05/2022
Committee Tenure	3 years
Members of the Committee	Sheikha/ Bibi Nasser Al-Sabah - President Mr. AbdulAmir Qasem Al-Muscati - Member Mr. Mahmood Ali Tifouni - Member
Number of Meetings/Year	3

Name of Committee	Audit Committee
Committee Tasks	▪ Review periodical financial statements before their submission to the Board of Directors and provide the Board with opinions and recommendations. ▪ Provide the Board of Directors with its recommendations concerning the appointment, re-appointment, or replacement of the external Auditors, and specify the remunerations thereof, in addition to verifying their independence and reviewing their engagement letters. ▪ Follow up on the work of external Auditors and ensure that they do not provide services to the company other than those required by the auditing profession. ▪ Analyze remarks from external auditors on the company's financial statements and follow up on measures taken toward them. ▪ Analyze the applied accounting policies and provide the Board of Directors with opinions and recommendations in this regard. ▪ Evaluate the extent of sufficiency of internal control systems in place and prepare a report including the opinions and recommendations of the committee in this regard. ▪ Supervise the company's internal audit department, to ensure its effectiveness in performing the operations and tasks assigned by the board of directors. ▪ Recommend the appointment of the internal audit manager, his/her transfer, and removal, in addition to evaluating his/her performance, and the performance of the internal audit department. ▪ Review and approve audit plans proposed by the internal auditor and provide feedback. ▪ Review the results of the internal audit reports and ensure that the necessary corrective actions are taken concerning the observations stated in such reports. ▪ Review the findings of reports issued by regulatory bodies and ensure that the necessary corrective actions have been taken accordingly. ▪ Ascertain the company's compliance with related rules, policies, and regulations.
Achievements throughout the Year	▪ Review and discuss interim and annual financial statements to ensure their integrity and accuracy. ▪ Recommend to the Board of Directors the appointment of the external auditor from the list of auditors approved by the Capital Markets Authority, taking into consideration the mandatory rotation period, in addition to ensuring the auditor's independence, agreeing on the fees, and monitoring the performance. In addition to ensuring that he does not provide services other than those required by the auditing profession. ▪ Assess the applied accounting policies and express an opinion and recommendation to the Board of Directors in this regard. ▪ Ensure the adequacy and effectiveness of the internal control systems within the company through the Internal Control Environment report. ▪ Discuss and approve the Internal Control Review "ICR" report for the year ending December 31, 2023, prepared by Al-Nisf & Partners BDO. ▪ Ensure the company's compliance with the applicable laws, policies, systems, and instructions and review the results of the regulatory authorities' reports received during 2024, which were as follows: - Field Inspection report by the Capital Markets Authority dated 23 June 2024, and related corrective measures. - The notification of a violation by the Capital Markets Authority dated 22 October 2024 regarding the evaluation of one of the investments, and related corrective actions. ▪ Discuss and approve the internal audit plan for the year 2024 and the annual budget of the Internal Audit Department. ▪ Supervise the work of the internal audit department and follow up on the percentage of completion of the approved annual audit plan.

Name of Committee	Audit Committee	
	▪ Discuss and approve internal audit reports issued during the year 2024. ▪ Discuss and approve the Internal Audit Department's annual self-assessment questionnaire (IAD's Annual Self-Assessment Questionnaire. ▪ Follow-up on previously issued audit observations. ▪ Discuss and approve the report resulting from the investigations conducted on the whistle blow received during 2024, that is related to one of the subsidiaries.	
Date of Formation	08/05/2022	
Committee Tenure	3 years	
Members of the Committee	Mr. Mahmood Ali Tifouni	President
	Mr. Samer Imad Abbouchi	Member
	Mr. AbdulAmir Qasem Al-Muscati	Member
Number of Meetings/Year	8	

* Following the change of representative by Al Tadamon United Holding Company in 2024, through the appointment of Mr. Samer Imad Abboushi as a successor to Mr. Adel Jassem Al-Waqayan, the committee was restructured during the Board of Directors' meeting No. 1 on January 18, 2024. Whereby Mr. Samer Imad Abboushi replaced Mr. Adel Jassem Al-Waqayan as a member of the committee.

Name of Committee	Risk Management Committee
Committee Tasks	▪ Prepare and review the risk management strategies and policies, ensure their implementation, and ensure they align with the nature and size of the company's activities. ▪ Evaluate the systems and mechanisms for identifying, measuring, and monitoring different types of risks the company may face, to identify any shortcomings. ▪ Approve or recommend changes to the risk appetite as appropriate. ▪ Assist the Board of Directors and executive management in identifying and assessing the company's acceptable risk level and ensure that the company does not exceed this level once approved by the Board. ▪ Ensure that sufficient resources and systems are in place for risk management. ▪ Ensure that risk management staff fully understand the risks surrounding the company and work to increase awareness among employees about risk culture and their understanding of it. ▪ Review the organizational structure of risk management and provide recommendations before its approval by the BOD. ▪ Ensure that those responsible for risk management have sufficient authority to perform their duties effectively, without granting them financial powers and authorities. ▪ Ensure the independence of risk management employees from activities that expose the company to risks. ▪ Approve the principles, policies, strategies, processes, and frameworks related to risk management. ▪ Prepare periodic reports on the nature of risks faced by the company and submit these reports to the Board of Directors. ▪ Review issues raised by the audit committee, which may affect risk management in the company. ▪ Hold periodical meetings at least quarterly per annum (and when necessary) and prepare minutes thereof.
Achievements throughout the Year	▪ Adopting adjustments to the risk profile that mirror the company's acceptable risk threshold. ▪ Overseeing the progress of its operational projects, as well as those in development or scheduled for sale, to determine the existing risk level and essential measures intended to mitigate and/or minimize the impact of those risks. ▪ Reviewing recommendations of the Risk Management Department regarding transactions with related parties. ▪ Submitting regular reports to the BOD on risk assessment and mitigations.
Date of Formation	08/05/2022
Committee Tenure	3 years
Members of the Committee	Sheikh/ Fadel Al-Sabah — President Mr. Mazen Issam Hawwa — Member Mrs. Sanaa Abdullah Al Hadlaq — Member
Number of Meetings/Year	5

d. **Summary of how to apply the requirements that allow the Members of the Board of Directors to obtain accurate and timely information and data.**

The Company has implemented those requirements through an integrated information system connected to its accounting system (Oracle Cloud). Whereby, system users can generate the necessary financial and analytical reports to follow up on various operations within the Company, which enables Board members to obtain information accurately, and promptly evaluate operating performance, and make necessary decisions. This is in addition to the system of periodic financial, operational, analytical, and evaluative reports presented to the Board.

3. Third Rule - Recruit Highly Qualified Candidates for Members of the Board of Directors and Executive Management

a. **Brief about the application of the formation requirements of the Nominations and Remunerations Committee**

The Board of Directors has formed a Nomination and Remuneration Committee, which consists of 3 Board members (two non-executive members + independent members). The committee is responsible for reviewing and recommending nominations for Board membership as well as nominations for Executive Management positions. The committee ensures the independence of independent Board members on an annual basis, in addition to assessing the performance of Board committees and the performance of the Board as a whole, and the performance of each Member on the Board of Directors. It has followed up on the implementation of the reward and recognition policy for the Board members, Executive Management, and employees. The Committee has prepared the job descriptions for each of the Board members, moreover, it annually reviews the needs and required skills of the Board members to ensure the effectiveness and efficiency of the current Board formation in managing and improving corporate performance.

b. **Report on the remunerations to the Members of the Board of Directors, the Executive Management, and the managers**

1. **Summary of the company's policy of compensation and incentives, for Members of a Board of Directors, the Executive Management, and the Managers**

The Company has approved the BOD Compensation and Remuneration Policy as well as the compensation and its Bonus Policy for Executive Management and employees, such policies have been designed to motivate the achievement of corporate strategic, operational, and sustainability goals. The application of these policies depends on the level of performance and achievements of the members and employees as well as on the final results of the Company's operational activities, as per the relevant laws and regulations.

2. Remunerations and benefits of Members of the Board of Directors

Remunerations and Benefits of Members of the Board of Directors During 2024*							
Total number of BOD members	Remunerations and Benefits through the Parent Company			Remunerations and Benefits through the Subsidiaries			
	Fixed remuneration and benefits (KD)	Variable remuneration and benefits (KD)		Fixed remuneration and benefits (KD)		Variable remuneration and benefits (KD)	
	Health Insurance	Annual remuneration	Committees' remuneration	Health insurance	Monthly Salaries (Total of the year)	Annual remuneration	Committees' remuneration
7**	NA	42,000	NA	NA	NA	NA	NA
* Details of the segments and types of remuneration and benefits mentioned are examples without limitation. **Upon approval during the Annual General Meeting							

Total remunerations and benefits granted to five senior executives who have received the highest remunerations. This is in addition to the Chief Executive Officer and the financial manager or their deputy, if not included *														
Total executive positions	Remunerations and Benefits through the parent company							Remunerations and Benefits through the subsidiaries						
	Fixed remuneration and benefits (KD)						Variable remuneration and benefits (KD)	Fixed remuneration and benefits (KD)						Variable remuneration and benefits (KD)
	Monthly Salaries (Total of the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children's Education Allowance	Annual remuneration	Monthly Salaries (Total of the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children's Education Allowance	Annual remuneration
*7	575,250	18,568	39,993	30,000	28,525	38,703	272,900	NA	NA	NA	NA	NA	NA	NA

*The positions include the **Group Chief Executive Officer** and **Group Chief Financial Officer**.

c. Any substantial deviations from the remuneration policy approved by the Board of Directors

No deviations have been recorded during the year 2024.

4. Fourth Rule - Safeguarding the Integrity of Financial Reporting

a. **Written undertakings by both the Board of Directors and the Executive Management on the soundness and integrity of the prepared financial reports**

The annual financial statements for the year 2024 submitted to shareholders included an undertaking from the Board of Directors to ensure the integrity and accuracy of all data presented in the financial report. Additionally, the Executive Management, represented by the GCFO, also presented their undertaking to the Board of Directors, ensuring that the financial reports and statements submitted for the financial year ending on 31/12/2024, were presented in a sound and fair manner and were prepared in accordance with International Financial Reporting Standards (IFRSs).

b. **Brief about the application of the formation requirements of the Audit Committee**

The Board of Directors formed the Audit Committee, consisting of 3 members (2 non-executive members + 1 independent member). And taking into consideration the required expertise, qualifications, and experience that enables it to perform duties. The committee supports the BOD in ensuring the sufficiency and effectiveness of the internal controls of the Company.

c. **Instances of conflict between recommendations from the Audit Committee and decisions of the BOD.**

The Audit Committee accomplished its duties during 2024 and did not record any conflicts between the committee's recommendations and the Board's decisions.

d. **Verification of the independence and neutrality of the External Auditor**

The Audit Committee follows up on the external auditor *(Abdulkarim Al Samdan from Al-Aiban, Al-Osaimi & Partners office - Ernst & Young)* appointed by the AGM. The committee also verifies the independence and the integrity of the external auditor regularly, and that it has no direct or indirect interest within the Company, and that it has not provided any services other than services related to audit functions, including the restricted services as per Circular No. (7) of 2023 Regarding the Combination between External Audit services, and any other consultancy or governance-related services.

5. Fifth Rule - Apply Sound Systems of Risk Management and Internal Audit

a. **Brief statement on the application of the formation requirements of an independent department/ an office/ an independent unit of risk management**

The company established an independent risk management department and appointed a risk manager responsible for measuring and monitoring the risks associated with the company's activities. The risk management department possesses independence by reporting directly to the Risk Management Committee. It has been granted full authority to assist it in performing its duties of measuring and monitoring all types of risks the company's operations may face.

b. **Brief about the application of the formation requirements of the Risk Management Committee**

The Company has implemented the requirements for the association of a Risk Management Committee with a defined charter, that consists of Three members from the Board of Directors, excluding the Chairperson, bearing in mind that the Committee Chairperson is a non-executive member.

c. Summary clarifying the control and internal audit systems.

The Company has set in place an effective system that preserves financial integrity by defining the list of financial authorities and powers that have been approved and delegated by the Board of Directors. And while implementing the principle of dual control regarding examination, review, approval, and endorsement. Responsibilities and authorizations are delineated to all pertinent management levels within the company, and the practice of dual signing for financial transactions is embraced. Such rules and policies undergo periodic review.

The company conducts an annual assessment and review of its internal control systems, through the Internal Audit Department, as well as through the engagement of an independent reviewer who furnishes a thorough report about the corporate systems of internal control.

d. Brief statement on the application of the formation requirements of the internal audit department/ office/ unit

The Company established a completely independent internal audit department, which reports directly to the Audit Committee and the Board of Directors. The Board Audit Committee approves the department's charter and work plan, which details the tasks and responsibilities of the Internal Audit Department during the year.

6. Sixth Rule - Promote the Code of Conduct and Ethical Standards

a. Summary of the business charter including standards and determinants of the Code of Conduct and Ethical Standards

The Company has established Charters and a Code of Conduct and Ethics policy that contributes to the effective performance of both the members of the Board of Directors and all other employees. It includes, for example:

- Commit to achieving the best corporate interests and refrain from abusing authority.
- Apply rules of sound ethical conduct and relevant laws.
- Determine the required professional behaviors within the Company such as confidentiality of information, expressions of improvement suggestions, and acceptance of gifts and benefits.
- Establish a whistleblowing policy for reporting violations under a reporting system available to internal and external stakeholders.
- Establish disciplinary procedures for detected and evidenced undesirable behaviors in accordance with Kuwait's Labor Laws.
- Not to use the company assets and resources to achieve personal interests and use such assets and resources optimally to achieve the company goals.
- Develop procedures regulating the operations of Related Parties.
- Establish a clear separation between the company's interests and those related to Members of the Board of Directors through developing mechanisms by the Board of Directors for giving priority to the company's interests over the interests of the Board of Directors.
- Mandating Board Members to disclose before the Board of Directors any mutual interests with the company, directly or indirectly.

b. Summary of the policies and mechanisms on reducing conflicts of interest

The Board of Directors has reviewed and approved the Related Party Transactions Policy, and the Shareholders and Stakeholder Rights Policy, and the Conflict-of-Interest Policy clarifying the means to deal with conflict-of-interest cases. Such policies are periodically reviewed and updated in accordance with the relevant laws and regulations.

7. Seventh Rule - Ensure Timely and High-Quality Disclosure and Transparency

a. Summary of the application of mechanisms for presentation and accurate and transparent disclosure that define aspects, areas, and characteristics of disclosure.

The Board of Directors adopted the Disclosure and Transparency Policies and Procedures that clarify the applicable mechanisms for determining material information, whether financial or non-financial, as well as the mechanism of disclosure in the appropriate form and time. And in what allows shareholders and interested investors to know and understand the material information. The Policies and Procedures are subject to periodic review and updates in accordance with the CMA Disclosure and Transparency requirements as well as relevant regulations.

b. Brief about the application of the requirements of the Board of Directors disclosure and executive management disclosures, and the managers' disclosures.

A register has been developed for all Company disclosures as well as those disclosures related to members of the Board of Directors and Executive Management and persons included in the Company's insiders list. This register is updated periodically and is made accessible to shareholders of the Company.

Moreover, and in compliance with CMA resolutions, the company has established a register that includes the details of the remunerations, compensations, salaries, incentives, and any other financial benefits, whether paid directly or indirectly to the BOD, the Company's Executive Management, and managers and whether through URC or/and its subsidiaries. This register is updated periodically and is made accessible to shareholders of the Company.

c. Brief statement on the application of the formation requirements of a unit of investor affairs.

An independent unit has been established to handle investor affairs, it has been delegated adequate authority by the board of directors and has been tasked with providing financial data, information, and necessary reports for shareholders, investors, and interested investors in a timely and accurate manner and as per the disclosure mechanisms adopted within the Company.

d. Brief on how to develop the infrastructure for the information technology on which it shall significantly rely on in the disclosure processes.

The company is committed to utilizing the electronic disclosure platforms mandated by Boursa. In addition to the corporate governance web page on the Company's website that displays all information, data, news, and disclosures. In what allows current and prospective shareholders and investors to exercise their rights and evaluate the Company's performance.

8. Eighth Rule - Respect the Rights of Shareholders

a. **Summary of the application of the requirements for the identification and protection of the general rights of shareholders, in order to ensure fairness and equality amongst all shareholders.**

The Company has implemented the requirements that stipulate defining and protecting the general rights of all categories of shareholders in what ascertains upholding the principle of justice and equality. Furthermore, the Company has ensured that its articles of association include statements that guarantee the protection of the rights of all shareholders, and in what complies with the State of Kuwait Company's Law and its executive bylaws. The Board has approved the policy that protects the rights of shareholders and stakeholders and shows the general rights without discrimination, along with how to exercise these rights, and in what does not affect the Company's interests negatively and those of the shareholders. This policy is periodically reviewed and updated in accordance with the relevant laws and instructions.

b. **Summary of the creation of a special record at the Clearing Agency as part of the requirements for ongoing monitoring of shareholders' data.**

The company in coordination with the Kuwait Clearing Company maintains a dedicated record in which the data of all shareholders is recorded. It is constantly updated upon notification of any changes in its registered data. The company has ascertained that this record is made accessible to shareholders in accordance with the Investor Relations Unit and as per the procedures set by the Kuwait Clearing Company.

c. **Brief on how to encourage shareholders to participate and vote in the company's general assembly meetings.**

The Company is committed when convening its ordinary and/or extraordinary general assemblies to invite all its shareholders, to inform, and to remind them about the details of the assembly in terms of time, place, and agenda. It also provides invitations and delegation forms (should a shareholder desire to appoint another person to attend on his/her behalf). Furthermore, electronic attendance is enabled as per the policies and procedures governing online general assemblies set by the Kuwait Clearing Company. During general assemblies, the company ensures that the attendance quorum of shareholders is sufficient for an association, it encourages shareholders to discuss all items of the meeting agenda and reply to their inquiries. Their acceptance/ rejections/ reservations on each item are recorded via an equitable means of voting.

9. Ninth Rule - Recognize the Roles of Stakeholders

a. **Brief about conditions and policies that ensure protection and recognition of the rights of stakeholders.**

The Board of Directors has adopted the shareholders and stakeholders' rights policy. This policy includes the rules and procedures to be followed with stakeholders to ensure that their rights are protected and that they are compensated if these rights are violated, in addition to enabling stakeholders to report their discrepancies and observations. Furthermore, the company has set up internal control systems to monitor compliance with relevant laws and regulations.

b. **Brief on how to encourage stakeholders to keep track of the Company's various activities.**

In line with the Shareholders' and Stakeholders' Rights Policy, the Company currently has several procedures that enable stakeholders to follow its activities and encourage their participation in those activities, as well as mechanisms for obtaining the necessary information and data that comply with the realization of their interest. It also encourages their participation in reporting violations or any inappropriate practices.

10. Tenth Rule - Encourage and Enhance Performance

a. **Summary of the application of the requirements for the development of mechanisms that allow Members of the Board of Directors and Executive Management to attend the training programs and courses regularly.**

URC has partnered with the LinkedIn Learning platform and mandated all its employees to have a minimum number of course hours per month while monitoring and reporting on the process by the HR. Furthermore, the following list depicts some of the courses attended by URC's BOD.

Name	Training Programs and Courses
Sheikha. Bibi Nasser Al-Sabah	▪ Real Estate Markets Investment, Construction, and Management - A Practical Approach to Sustainability (Training) ▪ Succession Management (Training)
Mr. Mazen Issam Hawwa	▪ Cyber Resilience for Executives and Directors (Training) ▪ Corporate Governance & BOD Room dynamics (Training) ▪ Anti-Financial Crimes - Emerging Trends and Regulatory Updates (Training) ▪ Driving Sustainability from the Boardroom (Training) ▪ Real Estate Markets Investment, Construction, and Management - A Practical Approach to Sustainability (Training) ▪ ESG / Sustainability Workshop (Training) ▪ Crisis Management, Cyber Risk and Business Continuity (Training) ▪ Regulatory Updates: Tracking Anti-Financial Crime, Anti-Fraud & Corruption (Workshop) ▪ Financial Fraud and AML Updates (Training) ▪ Future of Banking, Challenges and Trends (Workshop) ▪ Cyber Security, Risk and Privacy Briefing for Board (Workshop) ▪ BOD Insights Session - Corporate Governance Risk Management (Workshop) ▪ Kuwait Innovation Forum (Workshop) ▪ Succession Management (Training)
Mrs. Sanaa Abdullah Al Hadlaq	▪ Succession Management (Training) ▪ Leadership Session
Mr. AbdulAmir Qasem Al-Muscati	▪ Effective Performance Management (Training) ▪ Succession Management (Training)
Mr. Mahmood Ali Tifouni	▪ Succession Management (Training)
Sheikh. Fadel Khaled Al-Sabah	▪ Succession Management (Training)
Mr. Samer Abbouchi	▪ Succession Management (Training)

b. Brief on how to evaluate the performance of the Board as a whole, and the performance of each Member of the Board of Directors and the Executive Management

The program for evaluating the performance of the Board as a whole and the performance of each Member of the Board of Directors through defined KPIs set according to the best practices used to analyze the performance of the Board as a whole, as well as each individual member.

Both the Board of Directors and the Nomination and Remuneration Committee annually review the evaluations of the Board as a whole, and the performance of each Member of the Board of Directors and the Executive Management.

c. An overview of the Board of Directors efforts in asserting the importance of corporate value creation with the employees at the company through achieving the Company's strategic goals and improving key performance indicators

The Board of Directors has set strategic goals that the Company seeks to achieve, with short, medium, and long-term plans put forward to reach the desired goals. The Board has also set policies and procedures that contribute to achieving those goals and improving performance. In what will enhance and develop institutional values like increasing stakeholder confidence, encouraging self-monitoring and management of risks, and promoting sound governance principles and a culture of commitment.

11. Eleventh Rule - Focusing on the Importance of Corporate Social Responsibility (CSR)

a. Summary of the development of a policy to ensure a balance between each of the Company's goals and society goals.

The Company's CSR policy was prepared and approved to clarify its emphasis on contributing to the economic and social development of the communities it serves and the importance of partaking in social advancement on a broader scale and its employees in particular.

b. Brief about the programs and mechanisms helping to highlight the Company's efforts exerted in the field of social work.

- Subject: Supporting Students and Education:

a. URC organized a site visit for Kuwait University students' faculty of architecture into Kuwait's first-ever comprehensive mixed-use property, Hessah District. The visit included an insightful presentation covering the project's concept, master plan, components, and sustainability aspects.

b. URC Sponsored the Career Growth Fair as a Platinum Sponsor at the American University of Kuwait, offering internships and job opportunities for talented candidates. URC consistently strives to attract, develop, and retain talented fresh graduates by establishing a conducive learning environment and a clear career path at the onset of their professional journey.

c. URC participated in the AUK Career Seminar. During the seminar, URC's CHRO shared his insights on building a successful career path, he addressed labor market requirements, and essential skills needed from fresh graduates.

d. URC hosted a group of students from the American University of Kuwait at KIPCO Tower, providing a comprehensive tour of the building and sharing career insights.

e. As part of its commitment to fostering young talent and supporting educational development, URC hosted interns from the Australian University (AU) offering real-world experience in the real estate industry.

f. URC's CHRO facilitated a career development workshop for the alumni of KIPCO's ENBAT program. The session covered tips for writing resumes, as well as valuable insights and practical advice to help ENBAT alumni shape their career paths and actively engage in the job market.

g. URC participated in an exclusive job networking event for TAMAKAN trainees to showcase its employee value proposition. TAMAKAN is a training program designed for high-caliber Kuwaiti graduates from diverse academic backgrounds.

- Subject: Health & Wellness:

a. URC organized a "Walk with Purpose" challenge for its female employees to complete 150,000 steps during February while also donating a specified amount to the Kuwait Red Cresent Society for every employee who walked a minimum of 2,500 steps per day.

b. URC promoted a Wellness Awareness Week in collaboration with GIG. The virtual event featured a variety of engaging activities, informative sessions, and valuable resources aimed at enhancing overall wellness.

c. URC launched a Health and Wellness program during October and November, aligning with Breast Cancer Awareness, Prostate Cancer Awareness, and World Diabetes Day. This program not only promoted physical health but also fostered a sense of community and commitment to wellness among our employees.

d. URC staff participated in the 'Stride for Success' challenge, aiming to complete 4,000 steps per day over 55 days to establish and maintain a regular walking routine.

e. URC organized a workshop on Stress Management and Resilience in collaboration with TLEX for its employees to learn breathing techniques and mindfulness tools that they can incorporate into their daily routines and apply to various situations at work.

f. URC partnered with Hassan Optics to host a wellness event featuring complimentary eye and hearing checkups for employees

g. URC collaborated with Al Seef Hospital to provide female employees with an exclusive discount on Breast Cancer Screening packages.

- Subject: Industry Engagement and Thought Leadership
  a. URC participated in the Kuwait Innovation Forum, where the Vice Chairman and Group CEO discussed potential collaboration between the public and private sectors.
  b. URC participated in the HR Forum where URC's CHRO participated as a panelist on "The Art of Talent Acquisition and Retention in a Competitive Landscape" and shared his expertise on leaders' responsibility in shaping the employee's experience. This event highlighted URC's commitment to excellence in HR practices and proactive talent management.
  c. URC participated in the 3rd Digital Transformation Conference where URC's IT Director moderated a panel on 'Redefining Digital Experiences and Customer Engagement.' This reflects URC's commitment to advancing digital transformation and fostering public-private sector collaboration.
- Subject: Corporate Social Responsibility (CSR):
  a. URC has partnered with KIPCO, Kamco Invest, URC, UFM, and the Kuwait Central Blood Bank in a blood donation drive under the theme 'Save Three Lives in 10 Minutes,' reflecting the shared commitment to supporting critical health needs and making a lasting and sustainable impact in the community.
- Subject: Women Empowerment Advocacy:
  a. URC announced its strategic sponsorship of the Young Women Leadership Initiative 2023-2024 by AlNowair to enhance women's leadership skills.
  b. URC conducted a workshop *"Courageous Leadership"* for its female employees in collaboration with Girls for Girls (G4G).
  c. URC participated in an event hosted by the Kuwait Women's Economic Empowerment Platform (KWEEP) to mark International Women's Day. The platform aims to promote the adoption of real and sustainable policies on various topics related to women empowerment in the private sector, especially on topics of recruitment, retention, and leadership in Kuwait's private sector. The event marked a pivotal moment in the ongoing efforts to empower women and promote gender equality in the region.
  d. URC attended the "Empower Her" seminar hosted by Burgan Bank and focused on empowering women in leadership roles.
  e. URC is a signatory to the UN Women's Empowerment Principles (WEPs) and Kuwait Women's Economic Empowerment Program (KWEEP). In line with this commitment to women empowerment, URC organized a Lean-In Circle Leader Training in collaboration with Lean In Network - Kuwait, a dynamic platform dedicated to empowering women and providing opportunities for personal and professional growth.
  f. URC set up "Women at URC Lean in Circle" and organized the inaugural meeting in October 2024, bringing the members together to connect on a deeper level and set meaningful goals for the group. The members come together to connect on a deeper level and set meaningful goals for the group.

  The second meeting saw the launch of the "Centered Leadership" series, a five-part program designed to help successful women lead with impact, resilience, and fulfillment both at work and in life. The first topic, "How Women Can Lead with Meaning," engaged group members in simple yet powerful exercises to uncover their strengths and purpose in life.
- Subject: Internal Events:
  a. URC hosted its annual Ghabga event during Ramadan, featuring recreational activities, competitions, and raffles for employees and their families.
  b. URC reduced plastic waste by distributing reusable steel water bottles and installing water dispensers in all departments to replace the disposable plastic water bottles distributed daily to employees.
  c. URC conducted its Annual Staff "Kashta" in a friendly atmosphere, promoting team cohesion and acknowledging employee dedication.
  d. URC hosted a "Sweet Scoops Sunday" event for its employees, creating a perfect opportunity for team bonding. The event featured a variety of delicious frozen yogurt flavors "Froyo", and refreshing treats, allowing staff to indulge and unwind.
- Subject: Youth & Sports:
  a. URC sponsored the Flare Festival at Marina World Beach, featuring diverse sports challenges and activities.
  b. URC announced its sponsorship of KIB The Stadium event at Marina Crescent, bringing top GCC players to exciting competitions.
- Subject: Community Events:
  a. URC conducted a food distribution campaign during Ramadan in partnership with the Kuwait Red Crescent Society (KRCS).

Bibi Nasser Al-Sabah
Chairperson

Consolidated Financial Statements

Growth.

شركة العقارات المتحدة
United Real Estate Co

United Real Estate Company
K.S.C.P
Authorized and Paid-up Capital KD 143,054,551.3
C.R.: 19140/1980

شركة العقارات المتحدة
ش.م.ك. (عامة)
رأس المال المصرح به والمدفوع 143,054,551.3 د.ك.
سجل تجاري رقم 19140/1980

Date: 09 April 2025

Messrs. Esteemed Shareholders

Subject: Confirmation of soundness and accurateness of financial reports for the financial year ended on the 31st of December 2024

In reference to the subject mentioned above and in accordance with United Real Estate Company K.S.C.P's policies and procedures, to ensure the accuracy and reliability of financial statements– a key indicator of the Company's integrity, credibility, and transparency in presenting its financial position that ultimately increases investors' confidence and realization of shareholders' rights, in addition to the compliance with Article 5-3, Chapter 5, of the Corporate Governance Rules (Module 15)outlined in the CMA executive bylaws.

We, members of the Board of Directors, confirm that as per our periodic review of the interim financial statements results, the Company's financial reports for the financial year ended on the 31st of December 2024 are accurate and sound and expose all the Company's financial aspects including information, statements, reports and results related to the Company's activities. Furthermore, the financial reports have been prepared in accordance with International Financial Reporting Standards (IFRS).

Bibi Nasser Al-Sabah
Chairperson

Sanaa Abdullah Al Hadlaq Board Member	Fadel Khaled Al-Sabah Independent Board Member	Mazen Issam Hawwa Vice Chairman and Group Chief Executive Officer
Samer Mohamad Imad Abbouchi Board Member	Abdul Amir Qasem Jafar Ali Independent Board Member	Mahmood Ali Tifouni Board Member

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UNITED REAL ESTATE COMPANY K.S.C.P. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

EY
Shape the future with confidence

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

Report on the Audit of Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of United 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 2024, and the consolidated income statement, 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 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 2024, 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) 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.

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

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Valuation of investment properties
Investment properties are significant to the Group's consolidated financial statements. The management determines the fair value of its investment properties and uses external appraisers to support the valuation. The valuation of the investment properties at fair value is highly dependent on estimates and assumptions, such as average net initial yield, reversionary yield, inflation rate, vacancy rates, growth in rental rates, market knowledge and historical transactions.

The external valuers have included a material valuation uncertainty clause in their valuation report. This represents a significant estimate uncertainty in relation to the valuation of investment properties.

Given the size and significance of the valuation of investment properties, and the importance of the disclosures relating to the inputs used in such valuations, we have considered this as a key audit matter.

Our audit procedures included, amongst others:

- We have considered the methodology and the appropriateness of the valuation models and inputs used to value the investment properties.
- We have tested the inputs and assumptions made by management of the Group and the appropriateness of the properties' related data supporting the external appraisers' valuations.
- We performed procedures for areas of risk and estimation. This included, where relevant, comparison of judgments made to current market practices and challenging the valuations on a sample basis.
- Further, we have considered the objectivity, independence and expertise of the external real estate appraisers.
- We further evaluated the management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions on the fair value of investment properties. We also assessed the adequacy of the disclosures relating to the assumptions and sensitivity of such assumptions in Note 8 of the consolidated financial statements.

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

Report on the Audit of Consolidated Financial Statements (continued)

Other information included in the Group's 2024 Annual Report
Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not 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.

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:

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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

- 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 the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, 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, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

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

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

23 March 2025
Kuwait

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2024 KD	2023 KD
ASSETS			
Non-current assets			
Property and equipment	9	151,634,562	135,531,937
Investment properties	8	370,600,834	378,015,123
Investment in associates	7	46,018,347	40,239,603
Loan to an associate	23	-	17,626,657
Financial assets at fair value through other comprehensive income	6	936,716	2,041,928
Right-of-use assets		2,533,195	1,631,405
Intangible assets		1,388,362	1,494,745
		573,112,016	576,581,398
Current assets			
Properties held for trading	5	31,489,293	8,489,149
Accounts receivable, prepayments and other assets	4	49,427,613	45,024,644
Cash, bank balances and deposits	3	17,938,857	35,383,705
		98,855,763	88,897,498
TOTAL ASSETS		671,967,779	665,478,896
LIABILITIES AND EQUITY			
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	11	262,533,667	270,653,014
Bonds	12	80,000,000	80,000,000
Accounts payable, accruals and other payables	10	9,123,821	7,806,931
Deferred tax liabilities	20	24,770,019	31,710,829
		376,427,507	390,170,774
Current liabilities			
Interest bearing loans and borrowings	11	22,969,117	20,964,457
Accounts payable, accruals and other payables	10	68,282,524	67,711,595
		91,251,641	88,676,052
Total liabilities		467,679,148	478,846,826
EQUITY			
Share capital	13	143,054,551	143,054,551
Share premium	13	15,550,698	15,550,698
Statutory reserve	14	21,829,743	21,302,209
Voluntary reserve	15	2,582,767	2,582,767
Treasury shares	16	(15,503,985)	(15,503,985)
Treasury shares reserve		491,325	491,325
Other reserve		(14,766,471)	(16,410,588)
Revaluation surplus		36,574,836	35,598,827
Cumulative changes in fair values		(4,186,256)	(3,419,809)
Foreign currency translation reserve		(11,564,201)	(16,675,776)
Retained earnings		22,314,068	17,469,418
Equity attributable to equity holders of the Parent Company		196,377,075	184,039,637
Non-controlling interests		7,911,556	2,592,433
Total equity		204,288,631	186,632,070
TOTAL LIABILITIES AND EQUITY		671,967,779	665,478,896

Bibi Naser Sabah Al-Ahmad Al Sabah
Chairperson

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

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2024

	Notes	*2024* *KD*	*2023* *KD*
REVENUE			
Gross rental income		**29,938,913**	30,305,079
Hospitality income		**16,904,889**	14,579,127
Contracting and services revenue		**37,094,976**	37,521,398
Sale of properties held for trading		**89,379**	514,579
Other operating revenue		**4,608,847**	4,365,976
		88,637,004	87,286,159
COST OF REVENUE			
Properties operating costs		**(5,979,113)**	(5,703,140)
Rental expense on leasehold properties		**(1,983,402)**	(2,069,044)
Hospitality costs		**(10,547,207)**	(9,799,290)
Depreciation of hospitality assets	9	**(2,595,116)**	(2,892,629)
Contracting and services costs		**(36,097,403)**	(39,423,491)
Cost of properties held for trading sold	5	**(57,030)**	(244,624)
		(57,259,271)	(60,132,218)
GROSS PROFIT		**31,377,733**	27,153,941
Other net operating income	17	**2,553,865**	5,588,497
General and administrative expenses	18	**(7,697,675)**	(7,616,186)
Depreciation of property and equipment	9	**(442,202)**	(510,967)
Valuation (loss) gain on investment properties	8	**(5,693,136)**	680,325
OPERATING PROFIT		**20,098,585**	25,295,610
Other net non-operating income	19	**3,510,395**	1,132,439
Finance costs - net		**(21,055,809)**	(21,408,248)
Share of results of associates	7	**2,822,676**	(2,606,551)
Gain on sale of subsidiary		**-**	2,575,445
PROFIT BEFORE TAXATION AND DIRECTORS' REMUNERATION		**5,375,847**	4,988,695
Directors' remuneration		**(42,000)**	(42,000)
Taxation expense	20	**(195,969)**	(554,601)
PROFIT FOR THE YEAR		**5,137,878**	4,392,094
Attributable to:			
Equity holders of the Parent Company		**5,087,862**	4,193,212
Non-controlling interests		**50,016**	198,882
		5,137,878	4,392,094
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	21	**3.91 fils**	3.22 fils

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	2024 *KD*	*2023* *KD*
Profit for the year	**5,137,878**	4,392,094
Other comprehensive income (loss):		
Items that are or may be reclassified to consolidated income statement in subsequent periods:		
Exchange difference on translation of foreign operations	**5,671,693**	(6,468,190)
Net other comprehensive income (loss) that are or may be reclassified to consolidated income statement in subsequent periods	**5,671,693**	(6,468,190)
Items that will not be reclassified to consolidated income statement subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	**(998,538)**	(21,958)
Share of associates other comprehensive income	**913,452**	-
Revaluation gain of property and equipment (Note 9)	**605,070**	146,253
Deferred tax on revaluation (loss) gain of property and equipment (Note 20)	**(26,100)**	40,162
Net other comprehensive gain that will not be reclassified to consolidated income statement in subsequent periods	**493,884**	164,457
Other comprehensive income (loss)	**6,165,577**	(6,303,733)
Total comprehensive income (loss) for the year	**11,303,455**	(1,911,639)
Attributable to:		
Equity holders of the Parent Company	**10,693,321**	(4,148,878)
Non-controlling interests	**610,134**	2,237,239
	11,303,455	(1,911,639)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Equity attributable to equity holders of the Parent Company													
	Share Capital KD	*Share premium KD*	*Statutory reserve KD*	*Voluntary Reserve KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Other reserve KD*	*Revaluation surplus KD*	*Cumulative changes in fair values KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
As at 1 January 2024	143,054,551	15,550,698	21,302,209	2,582,767	(15,503,985)	491,325	(16,410,588)	35,598,827	(3,419,809)	(16,675,776)	17,469,418	184,039,637	2,592,433	186,632,070
Profit for the year	-	-	-	-	-	-	-	-	-	-	5,087,862	5,087,862	50,016	5,137,878
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	1,492,422	(998,538)	5,111,575	-	5,605,459	560,118	6,165,577
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	1,492,422	(998,538)	5,111,575	5,087,862	10,693,321	610,134	11,303,455
Transfer to statutory reserve	-	-	527,534	-	-	-	-	-	-	-	(527,534)	-	-	-
Arising on business combinations (Note 28)	-	-	-	-	-	-	-	-	-	-	-	-	6,353,106	6,353,106
Transfer of fair value reserve on derecognition of equity investments at FVOCI to retained earnings	-	-	-	-	-	-	-	-	232,091	-	(232,091)	-	-	-
Ownership changes in subsidiaries	-	-	-	-	-	-	1,644,117	-	-	-	-	1,644,117	(1,644,117)	-
Transfer of depreciation related to property and equipment carried at revaluation	-	-	-	-	-	-	-	(516,413)	-	-	516,413	-	-	-
At 31 December 2024	**143,054,551**	**15,550,698**	**21,829,743**	**2,582,767**	**(15,503,985)**	**491,325**	**(14,766,471)**	**36,574,836**	**(4,186,256)**	**(11,564,201)**	**22,314,068**	**196,377,075**	**7,911,556**	**204,288,631**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2024

	Equity attributable to equity holders of the Parent Company													
	Share capital KD	*Share premium KD*	*Statutory reserve KD*	*Voluntary Reserve KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Other reserve KD*	*Revaluation surplus KD*	*Cumulative changes in fair values KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
As at 1 January 2023	143,054,551	15,550,698	20,877,509	2,582,767	(15,503,985)	491,325	(16,410,588)	36,233,318	(3,257,401)	(17,308,405)	21,878,726	188,188,515	355,194	188,543,709
Profit for the year	-	-	-	-	-	-	-	-	-	-	4,193,212	4,193,212	198,882	4,392,094
Other comprehensive (loss) income for the year	-	-	-	-	-	-	-	(99,864)	(21,958)	632,629	(8,852,897)	(8,342,090)	2,038,357	(6,303,733)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	(99,864)	(21,958)	632,629	(4,659,685)	(4,148,878)	2,237,239	(1,911,639)
Transfer to statutory reserve	-	-	424,700	-	-	-	-	-	-	-	(424,700)	-	-	-
Transfer of fair value reserve on derecognition of equity investments at FVOCI to retained earnings	-	-	-	-	-	-	-	-	(140,450)	-	140,450	-	-	-
Transfer of depreciation related to property and equipment carried at revaluation	-	-	-	-	-	-	-	(534,627)	-	-	534,627	-	-	-
At 31 December 2023	143,054,551	15,550,698	21,302,209	2,582,767	(15,503,985)	491,325	(16,410,588)	35,598,827	(3,419,809)	(16,675,776)	17,469,418	184,039,637	2,592,433	186,632,070

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit before taxation and directors' remuneration		**5,375,847**	4,988,695
Adjustments for:			
Valuation loss (gain) on investment properties	8	**5,693,136**	(680,325)
Share of results of associates	7	**(2,822,676)**	2,606,551
Impairment of property and equipment	9	**-**	7,027
Depreciation of property and equipment	9	**3,582,467**	3,956,383
Amortisation of intangible assets	17	**112,387**	112,337
Gain on disposal of investment property	17	**(710,173)**	(5,817)
Net gain disposal of property and equipment	17	**(2,662)**	(23,211)
Provision for maintenance on leasehold properties	17	**1,031,747**	552,010
Reversal for expected credit losses	17	**(502,545)**	(7,638,890)
Provision for expected credit losses on loan to associate	17	**(2,443,628)**	1,443,628
Dividend income	17	**(38,991)**	(35,580)
Interest income		**(1,994,643)**	(1,045,635)
Finance costs		**23,050,452**	22,453,883
Gain on sale of a subsidiary	2.5	**-**	(2,575,445)
Provision for end of service benefit		**1,541,960**	1,331,214
		31,872,678	25,446,825
Changes in operating assets and liabilities:			
Accounts receivable, prepayments and other assets		**2,930,931**	7,663,210
Properties held for trading		**57,030**	(4,525,233)
Accounts payable, accruals and other payables		**(9,404,798)**	(7,826,691)
		25,455,841	20,758,111
KFAS paid		**(11,789)**	(32,530)
NLST paid		**-**	(108,656)
End of service benefit paid		**(728,832)**	(1,139,853)
Net cash from operating activities		**24,715,220**	19,477,072
INVESTING ACTIVITIES			
Additions and capital contribution in investment in associates	7	**(9,674,210)**	(3,891,500)
Additions to loan to an associate		**-**	(1,503,244)
Additions to investment properties	8	**(1,285,629)**	(211,567)
Proceed from disposal of investment properties		**5,037,980**	510,731
Proceeds from sale of financial assets at fair value through other comprehensive income		**90,880**	322,833
Proceed from disposal of a subsidiary		**-**	19,092,817
Purchase of property and equipment	9	**(7,995,784)**	(4,251,216)
Proceeds from disposal of property and equipment		**22,457**	39,158
Net cash from acquisition of subsidiary	28	**176,494**	-
Dividends income received from an associate		**379,608**	443,940
Dividends income received		**38,991**	35,580
Interest income received		**1,419,791**	456,117
Additions to deposits		**437,977**	(6,082,381)
Net cash from (used in) investing activities		**(11,351,445)**	4,961,268

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2024

	Note	2024 KD	2023 KD
FINANCING ACTIVITIES			
Proceeds from interest-bearing loans and borrowings		**20,436,145**	58,218,982
Repayment of interest-bearing loans and borrowings		**(25,773,345)**	(68,574,705)
Proceeds from issuance of bonds		**-**	47,550,000
Repayment of bonds		**-**	(27,550,000)
Payment of principal portion of lease liabilities		**(1,619,151)**	(1,818,220)
Finance costs paid	10	**(23,425,138)**	(23,160,142)
Net cash used in financing activities		**(30,381,489)**	(15,334,085)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(17,017,714)**	9,104,255
Foreign currency translation adjustments		**(1,196,345)**	(720,460)
Cash and cash equivalents at the beginning of the year		**26,572,189**	18,188,394
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	**8,358,130**	26,572,189

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

1 CORPORATE INFORMATION

United Real Estate Company ("URC") K.S.C.P. (the "Parent Company") is a public shareholding company incorporated in the State of Kuwait in accordance with an Amiri Decree issued in 1973, and is listed on the Boursa Kuwait. The address of the Parent Company's registered office is P.O. Box 2232 Safat, 13023 - State of Kuwait.

The Parent Company is a subsidiary of Kuwait Projects Company Holding K.S.C.P. (the "Ultimate Parent Company" or "KIPCO"), which is listed on the Boursa Kuwait.

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issue by the Board of Directors of the Parent Company on 23 March 2025 and are issued subject to the approval of the Ordinary General Assembly of the shareholders of the Parent Company. The shareholders' General Assembly has the power to amend the consolidated financial statements after issuance.

The activities of the Parent Company are carried out in accordance with the Articles of Association. The principal activities of the Parent Company are:

- Owning, selling and acquiring real estate properties and lands and developing the same to the account of the Parent Company inside the State of Kuwait and abroad; and managing properties for third parties in accordance with the provisions stipulated under the existing laws and the restrictions on construction of private housing plots in the manner stipulated under these laws.
- Owning, selling and acquiring stocks and bonds of real estate companies for the account of the Parent Company in the State of Kuwait and abroad.
- Preparing studies and providing real estate advisory services provided that certain required conditions are met.
- Carry-out maintenance works of buildings and real estate properties owned by the Parent Company and others, including all civil, mechanical and electrical works, elevators and air conditioning works and other related maintenance work to ensure the safety of the buildings.
- Owning, managing, operating, investing, leasing and renting hotels, clubs, motels, entertainment houses, rest places, gardens, parks, exhibitions, restaurants, cafes, residential compounds, touristic and health spas, entertainment and sports facilities and stores at all degrees and levels, including all the original and supporting services, the related facilities and other necessary services whether inside or outside the State of Kuwait.
- Organizing real estate exhibitions related to the real estate projects of the Parent Company.
- Holding real estate bids pursuant to the regulations set forth by the Ministry.
- Owning commercial markets and residential compounds.
- Utilizing financial surpluses available for the Parent Company by investing the same in financial portfolios managed by competent companies and entities in the State of Kuwait and abroad.
- Contribution in establishment and management of real estate funds inside and outside the State of Kuwait.
- Direct contribution to development of infrastructure projects for residential, commercial and industrial areas in BOT system.

The Parent Company is allowed to conduct the above-mentioned operations inside or outside the State of Kuwait by its own or as an agent for other parties.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for investment properties, financial assets at fair value through other comprehensive income and freehold land and buildings classified under property and equipment that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars ("KD"), being the functional and presentational currency of the Parent Company.

2.2 STATEMENT OF COMPLIANCE

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

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

The amendments had no impact on the Group's consolidated financial statements.

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

The amendments had no impact on the Group's consolidated financial statements.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Lack of exchangeability – Amendments to IAS 21
In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, 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, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, 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 (PFS) 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.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (investees which are controlled by the Parent Company) including special purpose entities. 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.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. All inter-group balances and transactions, including inter-group profits and unrealised profits and losses and dividends are eliminated on consolidation.

Non-controlling interests represent the equity in the subsidiaries not attributable directly, or indirectly, to the shareholders of the Parent Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity.

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

United Real Estate Company K.S.C.P. and Subsidiaries
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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

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

The principal subsidiaries of the Group are as follows:

Name of company	*Equity interest as at 31 December*		*Country of incorporation*	*Principal business*
	2024	*2023*		
Directly held				
United Building Company K.S.C. (Closed)	**100%**	100%	Kuwait	Contracting activities
Souk Al-Muttaheda Joint Venture – Salhia	**92.17%**	92.17%	Kuwait	Real estate development
Tamleek United Real Estate Company W.L.L.	**100%**	100%	Kuwait	Real estate development
United International Project Management Company W.L.L.	**100%**	100%	Kuwait	Project management
United Facilities Management Company K.S.C. (Closed)	**99.2%**	99.2%	Kuwait	Facilities management
United Facility Development Company K.S.C. (Closed)	**63.5%**	63.5%	Kuwait	Real estate development
Universal United Real Estate Consultancy Company W.L.L.	**63%**	63%	Kuwait	Real estate development
Mina United Real Estate Services W.L.L.	**100%**	100%	Kuwait	Real estate development
Twenty-Two Project Management Co. WLL	**100%**	100%	Kuwait	Real estate development
Al Jewar International For Lands And Real Estate Management And Development **	**100%**	-	Kuwait	Real estate development
United Building Company Egypt, S.A.E.	**100%**	100%	Egypt	Contracting activities
United Real Estate Holding for Financial Investments S.A.E.	**100%**	100%	Egypt	Holding
Gulf Egypt Hotels and Tourism S.A.E.	**100%**	100%	Egypt	Hotel Management
United Real Estate Jordan P.S.C.	**100%**	100%	Jordan	Real estate development
Arwa Rea Estate Development Company P.S.C	**100%**	100%	Jordan	Real estate development
United Al Manazel Real Estate Development Company P.S.C	**100%**	100%	Jordan	Real estate development
United Real Estate Company W.L.L.	**80%**	80%	Syria	Real estate development
United Company for Investment W.L.L.	**100%**	100%	Syria	Real estate development
United Mena For General Trading And Contracting	**100%**	100%	Syria	General Trading And Contracting
Investment United Company	**75%**	75%	Syria	Real estate development
United Real Estate Company S.A.O.C previously known as (Al Reef Real Estate Company S.A.O.C)	**100%**	100%	Oman	Real estate development
United Kuwaiti Real Estate Development Co. LLC	**100%**	100%	Oman	Real estate development
Kuwaiti Real Estate Co L.L.C	**100%**	100%	KSA	Real estate development
Al Dhiyafa – Lebanon SAL (Holding Company)	**100%**	100%	Lebanon	Holding
United Lebanese Real Estate Company S.A.L. (Holding Company)	**100%**	100%	Lebanon	Holding
Dhow Holdings Limited	**100%**	100%	Isle of Man	Holding
Greenwich Quay Limited***	**-**	100%	Isle of Man	Real estate development
Assoufid B.V.****	**49%**	-	Netherlands	Real estate development
Held through Assoufid B.V.				
Assoufid Golf & Hotel S.A	**100%**	-	Morocco	Real estate development
Assoufid Golf Operations S.A	**100%**	-	Morocco	Real estate development
Assoufid Hotel S.A	**100%**	-	Morocco	Real estate development
Assoufid Palace S.A	**100%**	-	Morocco	Real estate development
Assoufid Properties Development S.A	**100%**	-	Morocco	Real estate development
Assoufid Properties Management S.A	**100%**	-	Morocco	Real estate development
Assoufid Golf S.A	**100%**	-	Morocco	Real estate development
Stavebni (S.A)	**100%**	-	Morocco	Real estate development
Held through Tamleek United Real Estate Company W.L.L.				
Manazel United for Real Estate Investment Company S.A.E.	**54.5%**	54.5%	Egypt	Real estate development
United Project Management	**1%**	1%	Morocco	Project management
Held through United Real Estate Company S.A.O.C previously known as (Al Reef Real Estate Company S.A.O.C)				
United Facilities Management L.L.C.	**100%**	100%	Oman	Facilities management
Held through United Real Estate Holding for Financial Investments S.A.E.				
United Ritaj for Touristic investment S.A.E.	**100%**	100%	Egypt	Touristic development
Manazel United for Real Estate Investment Company S.A.E. *	**45.5%**	36.99%	Egypt	Real estate development
Areej United for Agricultural Investment Co.	**100%**	100%	Egypt	Agriculture
Aswar United Real Estate Company S.A.E.	**100%**	100%	Egypt	Real estate development
UFM Facilities Management Services L.L.C.	**20%**	20%	Egypt	Renting and operating or
Held through United International Project Management Company W.L.L.				
Egypt United Project Management Co. WLL	**100%**	100%	Egypt	Facilities management
United Project Management	**99%**	99%	Morocco	Project management
Held through United Building Company Egypt, S.A.E.				
United company for services and maintenance L.L.C	**100%**	100%	Egypt	Facilities Management
Held through Gulf Egypt Hotels and Tourism S.A.E.				
Gulf Egypt for Agricultural Investment & Food Manufacturing Co.	**98%**	98%	Egypt	Agricultural Investment & Food Manufacturing

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

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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Name of company	*Equity interest as at 31 December 2024*	*2023*	*Country of incorporation*	*Principal business*
Held through Al Dhiyafa Holding Company SAL				
Bhamdoun United Real Estate Company SAL	**75%**	75%	Lebanon	Hotel management
Raouche Holding SAL	**55%**	55%	Lebanon	Holding
United Lebanese Real Estate Company SAL (owned by Raouche Holding SAL)	**100%**	100%	Lebanon	Real estate development
Held through United Lebanese Real Estate Company S.A.L. (Holding)				
Bhamdoun United Real Estate Company SAL	**25%**	25%	Lebanon	Hotel management
Raouche Holding SAL	**45%**	45%	Lebanon	Holding
Held through United Real Estate Jordan P.S.C.				
Abdali Mall Company P.S.C.	**100%**	100%	Jordan	Real estate development
Panorama for Beauty Company	**80%**	80%	Jordan	Beauty services
Held through Arwa Rea Estate Development Company P.S.C				
United Areej Housing Company W.L.L.	**50%**	50%	Jordan	Real estate development
Held through United Al Manazel Real Estate Development Company P.S.C				
United Areej Housing Company W.L.L.	**50%**	50%	Jordan	Real estate development
Held through United Facilities Management Company K.S.C.				
United Arab Facility Management L.L.C.	**100%**	100%	Jordan	Facilities management
UFM Facilities Management Services L.L.C.	**100%**	100%	Bahrain	Services Facilities
UFM Facilities Management Services L.L.C.	**80%**	80%	Egypt	Services Facilities
Kuwaiti United Home Medical Services SPC	**99.2%**	99.2%	Kuwait	Medcial care

* During the year, the increased its shareholding in the subsidiary
** During the year, the Group incorporated the subsidiary.
*** During the year, the Group liquidate its subsidiary.
**** During the year, the Group acquired control of a previously held associate through contractual agreement resulting is associate to be consolidated (Note 28)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and 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.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognised 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 consolidated income statement 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 income statement.

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 re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated income statement.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Accounting for business combinations involving entities or businesses under common control

Accounting for business combinations involving entities or businesses under common control is outside the scope of IFRS 3 "Business Combinations". In the case of an absence of specific guidance in IFRS, the management use their judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement the management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or Interpretation. Several such bodies have issued guidance and some allow the pooling of interests method in accounting for business combinations involving entities under common control.

The management have adopted the pooling of interest method to account for the business combinations involving entities under common control. This method involves the following:

- The assets, liabilities and equity reserves of the combining entities are reflected at their carrying amounts (no fair valuation exercise is required).
- No new goodwill is recognised as a result of combination. Any difference between the consideration paid and the equity acquired is reflected directly in the equity.

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.

Date of recognition

Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial liabilities, other than commitments and guarantees, are measured at amortised cost or at FVTPL when they are held for trading or the fair value designation is applied.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

i) Financial assets

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

i) Financial assets (continued)

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

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

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

- Debt instruments at amortised cost
- Equity instrument at fair value through other comprehensive income (FVOCI)
- Financial assets carried at fair value through profit or loss (FVTPL)

Debt instruments at amortised cost

A financial asset which is a debt instrument, is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Bank balances, short-term deposits, accounts receivables and loan to an associate is classified as debt instruments at amortised cost.

Debt instruments at amortised cost are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated income statement. Any gain or loss on derecognition is recognised in the consolidated income statement.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the consolidated income statement. Dividends are recognised in statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity investments at FVOCI are not subject to impairment assessment.

Financial asset at FVTPL

Financial assets at FVTPL includes instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group has determined the classification and measurement of its financial assets as follows:

a. Loan to an associate

Loan to an associate is a non-derivative financial asset with fixed or determinable payments which is not quoted in an active market. After initial measurement, loan to an associate is subsequently measured at amortised cost using the effective interest (EIR) method and is subject to impairment. Gains and losses are recognised in the consolidated income statement when the asset is derecognised, modified or impaired.

b. Accounts receivables and amount due from related parties

Accounts receivables and amount due from related parties are carried at original invoice amount less expected credit losses and are stated at amortised cost.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

i) Financial assets (continued)

c. Bank balances, cash and deposits
Bank balances, cash and deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. These are stated at amortised cost using effective interest rate method.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and on hand and short-term deposits net of bank overdraft.

d. Other current assets
Other current assets are carried at their cost, less impairment, if any.

Reclassification of financial assets
The Group does not reclassify its financial assets subsequent to their initial recognition except under circumstances in which the Group acquires, disposes of, or terminates a business line.

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

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its 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 into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. 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.

ii) Financial 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, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing loans.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

ii) Financial liabilities (continued)
The Group has determined the classification and measurement of its financial liabilities as follows:

a. Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

b. Interest bearing loans
After initial recognition, interest bearing loans are subsequently measured at amortised cost using the 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 income statement.

Installments due within one year are shown as current liabilities. Interest is charged as an expense as it accrues in the consolidated income statement, with unpaid amounts included in accrued expenses under 'trade and other payables'.

c. Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial and non-financial assets (continued)
Financial assets (continued)
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

a. Determination of ECL on accounts receivable and bank balances
The Group applies a simplified approach in calculating ECLs with respect to accounts receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs 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.

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.

The Group does not determine ECLs on bank balances as these are considered to be of low risk and the Group does not expect to incur any credit losses on these instruments.

b. Determination of ECL on loan to an associate and amounts due from related parties
The Group has applied the general approach under IFRS 9 for determination of ECLs on loan to an associate and amounts due from related parties. Under the general approach, the ECLs are recognized in three stages. For exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit loss that result from default events that are possible within next 12 months (a 12-month ECL classified in Stage 1). With respect to exposures, for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL classified in Stage 2). Further, the Group measures loss allowances at an amount equal to lifetime ECL that are determined to be credit impaired based on objective evidence of impairment (a lifetime ECL classified in Stage 3). Counter party that has a strong capacity to meet its contractual cash flow obligations in the near term, is considered to be low credit risk.

i) Determining the stage of expected credit losses
At each reporting date, the Group assesses whether there has been significant increase in credit risk since initial recognition by comparing risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition of the financial instrument. The Group uses a mix of qualitative and quantitative criteria to determine a significant increase in credit risk. The loan to an associate and amounts due from related parties are transitioned to stage 2 once it is determined that there has been a significant increase in credit risk.

At each reporting date, the Group also assesses whether any amounts due are credit impaired. The Group considers amounts due to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of these financial instruments. All credit impaired amounts due are classified as stage 3 for ECL measurement purposes. Evidence of credit impairment includes observable data about the following:

- Significant financial difficulty of the counter party;
- A breach of the contractual terms;
- The borrower having granted a concession that the Group would otherwise not consider, for economic or contractual reasons relating to the counter party's financial difficulty.

At the reporting date, if credit risk of these amounts has not increased significantly since initial recognition nor credit impaired, these are classified as stage 1.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial and non-financial assets (continued)

Financial instruments (continued)
b. Determination of ECL on loan to an associate and amounts due from related parties (continued)

ii) Measurement of ECLs and forward-looking information
ECL is a probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at an appropriate discount rate relevant to the amounts due. Cash shortfall represents the difference between cash flows due to the Group and the cash flows that are expected to be received. For receivables on demand, the Group does not consider the impact of discounting the future cash flow shortfalls to be material as these balances are expected to be settled in a short period of time. The key elements in the measurement of ECL included probability of default (PD), loss given default (LGD) and exposure at default (EAD). The determination of these elements requires considerable judgment from the management.

The Group considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward looking adjustments into the determined ECL. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The management reviews these forecasts and estimates on a regular basis.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than, investment property and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's segment information reporting format determined in accordance with *IFRS 8: Operating Segment*.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair values
The Group measures financial instruments, such as, financial assets at FVOCI, and non-financial assets such as investment properties, freehold land and buildings, at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible to 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. An analysis of fair values of financial instruments and non-financial assets and further details as to how they are measured are provided in Note 8 and Note 27.

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for the valuation of Group's investment properties and property and equipment carried at the revaluation model. Involvement of external valuers is decided upon annually by the management. Selection criteria include regulatory requirements, market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Group's external valuers, also compares changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair values (continued)
For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

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

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

The cost of properties held for trading recognised in consolidated income statement on disposal is determined with reference to the specific cost incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Write down of properties held for trading are charged to other operating expenses.

Investment in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method. Under the equity method, the investment in the associate is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of consolidated income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for different reporting period as the Group, which is three months. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment in associates (continued)
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'impairment of investment in associate' in the consolidated income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated income statement.

Investment properties
Investment property comprises of developed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as an investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is carried at fair value that is determined based on valuation performed by accredited independent valuators periodically using valuation methods consistent with the nature and usage of investment properties. Gains or losses arising from changes in the fair values are included in the consolidated income statement in the year in which they arise. For the purposes of these consolidated financial statements the assessed fair value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder included in the consolidated statement of financial position as a finance lease obligation.

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. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated income statement in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period consolidated financial statements.

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

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value except for freehold land and buildings that are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. The freehold land is not depreciated.

The initial cost of property and equipment comprises their cost and any directly attributable costs of bringing an item of property and equipment to its working condition and location. Expenditure incurred after the property and equipment has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained

from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property and equipment.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment (continued)
In respect to the freehold and buildings, valuations are performed annually to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Any revaluation changes are recorded to the revaluation surplus in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated income statement, in which case the increase is recognised in the consolidated income statement. A revaluation deficit is recognised in the consolidated income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the leasehold land and buildings and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight line basis over the estimated useful lives of other assets to their residual values as follows:

Buildings	20 to 50 years
Tools and equipment	3 to 10 years
Computer hardware and software	3 to 5 years
Furniture and fixtures	3 to 5 years
Motor vehicles	4 to 5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair values less costs to sell and their value in use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period the asset is derecognised. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate.

End of service indemnity
The Group provides end of service benefits to its employees. Provision is made for amounts payable to employees under the Kuwaiti Labour Law, employee contracts and applicable labour laws in the countries where the subsidiaries operate. The expected costs of these benefits are accrued over the period of employment. These liabilities which are unfunded represents the amount payable to each employee as a result of involuntary termination on the reporting date.

Further, with respect to its national employees, the Group also makes contributions to Public Institution for Social security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged a contra account in equity. When the treasury shares are reissued, gains are credited to a separate account in equity (the "treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. 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 paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Other reserve
Other reserve is used to record the effect of changes in ownership interest in subsidiaries, without loss of control.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition
The Group is primarily engaged in providing the following services:

Rental services
The Group generates rental income from properties leased to its customers under an operating lease. The rental income excludes contingent rental income and is recognised over time based on the lease term, using an input method to measure progress towards complete satisfaction of the service.

Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Hospitality services
The Group generates hospitality income from its owned hotels. These include revenues from room occupancies and food and beverages sales. The Group recognises the revenues from these operations and will continue to be recognised at a point in time when the obligations are performed i.e. when the rooms are occupied, and food and beverages are sold.

Contracting services
The Group generates contracting and services revenues from its construction and property development operations conducted on third party properties and various facility management services such as maintenance, cleaning and security services that are routine or recurring in nature.

i) Construction and property development operations
The Group's revenues associated with construction and property development operations are recognised over time, using an input method, by reference to the percentage-of-completion, to measure progress towards complete satisfaction of the service.

ii) Facility management operations
The Group's revenues associated with the facility management operations are recognised over time, using an input method to measure progress towards complete satisfaction of the service.

Sale of properties held for trading
The revenues from disposal of a properties held for trading are recognised when the customer (buyer) obtains control of the asset, i.e. the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset, which is normally on unconditional exchange of contracts. For conditional exchanges, the revenues are recognised only when all the significant conditions are satisfied, and the control of the asset is determined to be transferred to the customer.

Interest income
Interest income is recognised as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

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

The significant accounting judgements related to the revenue from contracts with customers is detailed in Note 2.6.

Contract balances
Contract assets
A contract asset is the right to consideration in exchange for services performed for the customer. If the Group performs services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional based on the contractual terms.

Contract liabilities
A contract liability is the obligation for the performance of services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group performs services for the

customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions
A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and 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. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production 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 the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefit is probable.

Taxation
Kuwait Foundation for the Advancement of Sciences (KFAS)
The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, and transfer to statutory reserve, until the reserve reaches 50% of share capital, should be excluded from profit for the year 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 Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Zakat
Contribution to Zakat is calculated at 1% of the profit of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007.

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. Income tax payable on taxable profit ('current tax') is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

Taxation on overseas subsidiaries (continued)

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and liabilities are measured using tax rates and applicable legislation at the reporting date.

Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenues and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance and the reporting is consistent with the internal reports provided to the chief operation decision maker. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

Foreign currency

The consolidated financial statements are presented in Kuwaiti Dinars which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Kuwaiti Dinars at rates of exchange prevailing on that date. Any resultant gains or losses are recognised in the consolidated income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the values were determined. In case of non-monetary assets whose change in fair values are recognised directly in other comprehensive income, foreign exchange differences are recognised directly in other comprehensive income and for non-monetary assets whose change in fair values are recognised in the consolidated income statement.

Assets (including goodwill) and liabilities, both monetary and non-monetary, of foreign operations are translated to Kuwaiti Dinars at the exchange rates prevailing at the reporting date. Operating results of such operations are translated at average rates of exchange for the foreign operation's period of operations. The resulting exchange differences are accumulated in a separate component of other comprehensive income (the foreign currency translation reserve) until the disposal of the foreign operation. On disposal of foreign operations, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 revenues arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income 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 revenues. Contingent rents are recognised as revenue in the period in which they are earned.

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 of the underlying asset if available of 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 the 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 underlying assets.

If the ownership of the leased asset is transferred 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 in accordance with the Group's impairment of non-financial assets policy.

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 incentive 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 the incremental borrowing rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 assets 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.

A property interest that is held by the Group under an operating lease may be classified and accounted for as an investment property when the property otherwise meets the definition of an investment property, evaluated property by property, and based on management's intention. The initial cost of a property interest held under a lease and classified as an investment property is determined at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

Revenue from contracts with customers
The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a. Identifying performance obligations in a bundled contract
The Group provides certain contracting and hospitality services to its customers as part of a single arrangement and these arrangements may include various performance obligations that represents performing a contractually agreed-upon task(s) for a customer. The Group determined that each of these performance obligations are capable of being distinct as these services are separately identifiable from other obligations in the contract and the customer can benefit from each service on its own.

Furthermore, the Group also determined that the promises of such services are distinct within the context of each contract, the transaction price is determined separately based on each obligation and these services are not highly interdependent or highly interrelated.

The transaction prices are allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, the Group estimates separate transaction price for each performance obligation based on expected cost plus margin.

b. Determine transaction price
The transaction price is the amount of consideration that is enforceable and to which the Group expects to be entitled in exchange for services promised to the customer. The Group determines the transaction price by considering the terms of the contract and business practices that are customary.

c. Determining the timing of satisfaction of services

i. Hospitality income
The Group concluded that revenue from room occupancy and food and beverages sales to its customers is to be recognised at the point in time when the obligations are performed as upon rendering of such services or sales, the Group is entitled to a present right to payment for the service or sale. Furthermore, the customer obtains the ability to direct the use of, and obtain substantially all of the remaining benefits from each service or sale.

ii. Construction and property development operations
The Group concluded that revenue from contracting in relation to construction and property development service to its customers is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform such services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group has a right to payment for the performance completed to date as, under each contractual agreement with a customer, the Group is entitled to an amount that at least compensates the Group for its performance completed to date in the event that the customer terminates the contract for reasons other than the Group's failure to perform as promised. Furthermore, certain assets are created by the Group's performance of contracting obligations. However, these assets are determined to be restricted contractually from readily directing the assets for another use by the customer during the creation or enhancement of the respective assets.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)
Revenue from contracts with customers (continued)
c. Determining the timing of satisfaction of services (continued)
ii. Construction and property development operations (continued)
The Group has determined to utilize the input method for measuring progress of such services because there is a direct relationship between the Group's effort and the transfer of service to the customer. The Group recognises revenue on these services on the basis of the costs incurred relative to the total expected costs to complete the performance obligations. The Group assesses the percentage of costs incurred as a proportion to the total estimated costs relative to each contract in order to determine the revenues to be recognised to date and accounting for the estimated margin for the entire term of the contract.

iii. Facility management operations
The Group concluded that revenue from contracting in relation to facility management services to its customers is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group has a right to payment for the performance completed to date as, under each contractual agreement with a customer, the Group is entitled to an amount that at least compensates the Group for its performance completed to date in the event that the customer terminates the contract for reasons other than the Group's failure to perform as promised. Furthermore, the Group's performance does not create an asset with an alternative use to the entity.

The Group has determined to utilize the output method for measuring progress of such services on the basis of direct measurements of the value to the customer of the services performed to date relative to the remaining services promised under the contract. The Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. In regard to service contracts that are performed with the same pattern of consumption over time and whose consideration consists of a fixed amount over the term of the contract, the Group recognises revenues on a straight-line basis as the Group's efforts being evenly expended throughout the performance period. Whereas, in regard to the service contracts with consideration dependent on the measurement of the services performed, such as number of hours, the Group recognises revenues based on the performance completed to date.

d. Principal versus agent considerations
During the performance of contracting services to its customer, the Group involves certain third parties in providing certain services. The Group has concluded that it is a principal in such arrangements as the Group retains the right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf and the Group is primarily held responsible for fulfilling each obligation to the customer.

e. Consideration of significant financing component in a contract
The Group does not expect to have any contracts where the period between the transfer of promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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.

Classification of property
The Group determines whether a property is classified as investment property or property held for trading:

- Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Properties held for trading comprise property that is held for sale in the ordinary course of business.

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

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2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)
Operating lease commitments – Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimates and assumptions

Estimation of net realisable value for properties held for trading
Properties held for trading is stated at the lower of cost and net realisable value (NRV). NRV is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions.

Valuation of investment properties, freehold land and buildings
Fair value of investment properties, freehold land and buildings have been assessed by independent real estate appraisers. Two main methods were used to determine the fair value of interests in investment properties, freehold land and building; (a) Discounted cash flow analysis and (b) Property market value method as follows:

(a) Discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

(b) Property market value method is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition and based on the knowledge and experience of the real estate appraiser.

Investment property under construction is also valued at fair value as determined by independent real estate valuation experts, except if such values cannot be reliably determined. The fair value of investment properties under construction is determined using either the Discounted Cash Flow Method or the Residual Method.

The significant methods and assumptions used by valuers in estimating fair value of investment property, freehold land and buildings are stated in Note 8 and Note 9.

Exposure to Hyperinflationary Economies
During the year, Lebanon has been assessed as a hyperinflationary economy in accordance with the requirements of IAS 29: Financial Reporting in Hyperinflationary Economies ("IAS 29"). The Group's exposure in Lebanon is through its subsidiaries "Bhamdoun United Real Estate Company SAL" and "Lebanese United Real Estate Company SAL" whose functional currency is the Lebanese Pound. Management has carried out an assessment and has estimated that the impact, as a result of its foreign operations in this hyperinflationary economy, is not material to the Group's consolidated financial statements.

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2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)
Techniques used for valuing investment properties
The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the fair value of the property.

The Residual Method (or Hypothetical Development Approach) to estimating fair value is a combination of the Capitalisation (income) approach and a Cost approach (summation). The Residual Method is defined as: "A method of determining the value of a property which has potential for development, redevelopment or refurbishment. The estimated total cost of the work, including fees and other associated expenditures, plus allowance for interest, developer's risk and profit, is deducted from the gross value of the completed project. The resultant figure is then adjusted back to the date of valuation to give the residual value."

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3 CASH, BANK BALANCES AND SHORT-TERM DEPOSITS

	2024 ***KD***	*2023* *KD*
Cash at banks	**9,307,574**	26,325,140
Total deposits	**8,631,283**	9,058,565
Cash, bank balances and deposits	**17,938,857**	35,383,705
less: Deposits with original maturities exceeding three months	**(8,254,018)**	(8,691,995)
	9,684,839	26,691,710
Less: Bank overdraft (Note 11)	**(1,326,709)**	(119,521)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	**8,358,130**	26,572,189

Short term deposits are made for varying periods ranging from one day to three months and earn interest at the respective short-term deposit rates.

Cash at banks and deposits amounting to KD 11,561,378 (2023: KD 11,892,629) are placed with related parties (Note 23).

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4 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER ASSETS

	2024 KD	*2023 KD*
Accounts receivables	**36,470,281**	23,154,408
Due from customers for contract work	**5,891,862**	15,224,516
Retention receivable	**8,061,210**	6,691,221
Accrued rental and hospitality income	**704,977**	819,516
Due from related parties (Note 23)	**2,110,311**	2,289,459
Other assets	**1,628,944**	2,095,452
	54,867,585	50,274,572
Allowance for expected credit losses	**(6,815,631)**	(6,794,031)
	48,051,954	43,480,541
Prepayments and advances	**1,375,659**	1,544,103
	49,427,613	45,024,644

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

	2024 KD	*2023 KD*
As at 1 January	**6,794,031**	13,690,821
Net expected credit losses for the year (Note 17)	**(502,545)**	(7,638,890)
Written off	**(88,499)**	-
Foreign currency exchange difference	**612,644**	742,100
As at 31 December	**6,815,631**	6,794,031

5 PROPERTIES HELD FOR TRADING

	2024 KD	*2023 KD*
As at 1 January	**8,489,149**	24,359,052
Additions during the year	**-**	217,120
Additions on business combination under common control (Note 28)	**24,050,390**	-
Transfer to investment property (Note 8)	**(961,838)**	(884,810)
Disposals	**(57,030)**	(244,624)
Related to sale of a subsidiary	**-**	(11,964,635)
Foreign exchange difference	**(31,378)**	(2,992,954)
As at 31 December	**31,489,293**	8,489,149

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 KD	*2023 KD*
Quoted equity shares	**180,366**	175,057
Unquoted equity shares	**756,350**	1,866,871
Financial assets at fair value through other comprehensive income	**936,716**	2,041,928

Investments with aggregate carrying amounts of KD 22,164 (2023: KD 22,164) represent investments in related parties (Note 23) and investments with aggregate carrying amounts of KD 906,995 (2023: KD 904,806) are managed by a related party (Note 23).

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7 INVESTMENT IN ASSOCIATES

Name of company	*Country of Incorporation*	*Equity interest*		*Carrying value*	
		2024	*2023*	***2024 KD***	*2023 KD*
Mena Homes Real Estate Company K.S.C. (Closed) (a)	Kuwait	**48.45%**	43.17%	**31,755,796**	20,234,029
Assoufid BV (b)	Netherlands	**-**	49.00%	**-**	6,175,996
Al-Fujeira Real Estate Limited	United Arab Emirates	**50.00%**	50.00%	**6,692,033**	6,595,096
Insha'a Holding Company K.S.C. (Closed)	Kuwait	**40.00%**	40.00%	**6,953,245**	6,635,265
Ikarus United for Marine Services Company K.S.C. (Closed) (a)	Kuwait	**20.00%**	20.00%	**615,455**	592,910
Al Thaniya Real Estate Company P.S.C.	Jordan	**50.00%**	50.00%	**1,818**	6,307
				46,018,347	40,239,603

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

	2024 KD	*2023 KD*
As at 1 January	**40,239,603**	40,151,284
Additions and capital contributions during the year (a)	**9,674,210**	3,891,500
Transfer upon business combination under common control (Note 28)	**(6,103,965)**	-
Dividends	**(379,608)**	(443,940)
Share of results	**2,822,676**	(2,606,551)
Share of other comprehensive income	**913,452**	-
Foreign exchange differences	**(1,148,021)**	(752,690)
At 31 December	**46,018,347**	40,239,603

a) During the current year, Mena Homes Real Estate Company K.S.C. (Closed) ("Mena Homes") an associate, increased its capital by KD 12,172,953 (2023: KD 5,000,000), which the Group contributed an amount of KD 9,474,210 (2023: KD 3,891,500).

During 2024, Ikarus United Marine Services K.S.C. (Closed) ("Ikarus") an associate, increased its capital through additional capital contribution to which the Group contributed an amount of KD 200,000.

b) During the year, the Parent Company acquired control of Assoufid BV. Upon acquisition, the investment in Assoufid BV. was reclassified from an associate to a subsidiary. The assets and liabilities of Assoufid BV. were transferred to Parent Company at their carrying amounts as result of business combination under common control (Note 28).

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

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7 INVESTMENT IN ASSOCIATES (continued)

The Group determines that Mena Homes Real Estate Company K.S.C. (Closed) ("Mena Homes") as the material associates of the Group and the following table provides summarised financial information of the Group's investment in associates:

	Mena Homes		Others		Total	
	2024 KD	*2023 KD*	***2024 KD***	*2023 KD*	***2024 KD***	*2023 KD*
Summarised statement of financial position :						
Non-current assets	**130,790,859**	107,909,294	**23,668,864**	38,731,049	**154,459,723**	146,640,343
Current assets	**67,347,897**	105,606,438	**15,631,048**	41,766,592	**82,978,945**	147,373,030
Non-current liabilities	**(83,417,776)**	(72,367,507)	**(2,124,214)**	(28,334,775)	**(85,541,990)**	(100,702,282)
Current liabilities	**(52,889,587)**	(96,325,095)	**(6,576,615)**	(9,818,490)	**(59,466,202)**	(106,143,585)
Equity	**61,831,393**	44,823,130	**30,599,083**	42,344,376	**92,430,476**	87,167,506
Proportion of the Group's ownership	**48.45%**	43.17%				
Group's share in the net assets *	**29,955,525**	20,234,029	**16,062,822**	20,005,574	**46,018,347**	40,239,603
Summarised statement of income:						
Revenues	**49,452,394**	1,309,611	**15,193,522**	14,941,494	**64,645,916**	16,251,105
Profit (loss) for the year	**4,836,018**	(5,913,918)	**796,983**	(1,761,745)	**5,633,001**	(7,675,663)
Group's share in profit (loss) for the year	**2,235,438**	(1,963,066)	**587,238**	(643,485)	**2,822,676**	(2,606,551)

*Difference between carrying value and proportion of equity attributable to Group's ownership interest materially represents goodwill.

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

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8 INVESTMENT PROPERTIES

	2024 KD	*2023 KD*
Lands for development (a)	**54,560,966**	57,442,972
Investment properties under construction (b)	**14,003,815**	13,976,290
Developed properties (c)	**302,036,053**	306,595,861
	370,600,834	378,015,123

Valuation of lands for development, investment properties under construction and developed properties were conducted as at 31 December 2024 by independent appraisers with a recognised and relevant professional qualification and recent experience of the location and category of investment property being valued. The discounted future cash flow method or property market value method have been used for developed properties as deemed appropriate considering the nature and usage of the property. The fair value of lands for development and investment property under construction has been determined through market value method or depreciation cost replacement method.

a) Lands for development

The movement in lands for development during the year was as follows:

	2024 KD	*2023 KD*
As at 1 January	**57,442,972**	60,234,474
Additions	**734,418**	35,266
Disposals	**(4,327,807)**	-
Transfer from properties held for trading	**-**	884,810
Valuation gain	**705,934**	1,468,784
Foreign exchange differences	**5,449**	(5,180,362)
As at 31 December	**54,560,966**	57,442,972

Lands for development include a plot of land in Sharm El Sheikh, Egypt amounting to KD 13,836,337 (2023: KD 13,815,268) which is not yet registered in the name of the subsidiary (Gulf Egypt) and the subsidiary is not permitted to register it until it completes its construction project on this land.

b) Investment properties under construction

	2024 KD	*2023 KD*
As at 1 January	**13,976,290**	11,846,179
Additions	**7,329**	3,423
Valuation gain	**302,507**	2,230,243
Foreign exchange differences	**(282,311)**	(103,555)
As at 31 December	**14,003,815**	13,976,290

c) Developed properties

	2024 KD	*2023 KD*
Developed lands and buildings:		
Developed lands and buildings	**248,825,214**	246,540,381
Buildings constructed on land leased from the Government	**53,210,839**	60,055,480
	302,036,053	306,595,861

The lease periods for the plots of land leased from the Government of Kuwait and others range from more than 1 year to 50 years and are renewable.

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

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8 INVESTMENT PROPERTIES (continued)

The movement during the year was as follows:

	2024 *KD*	*2023* *KD*
As at 1 January	**306,595,861**	311,747,555
Additions	**543,882**	172,878
Transfer to Property and Equipment (Note 9)	**-**	(2,192,857)
Transfer from held for trading (Note 5)	**961,838**	-
Disposal of investment properties	**-**	(504,914)
Valuation loss	**(6,701,577)**	(3,018,702)
Foreign exchange differences	**636,049**	391,901
As at 31 December	**302,036,053**	306,595,861

Fair value hierarchy

The following tables provide the fair value measurement hierarchy of the Group's investment properties:

		Fair value measurement using		
31 December 2024	***Total*** ***KD***	***Quoted prices in active markets (Level 1)*** ***KD***	***Significant observable inputs (Level 2)*** ***KD***	***Significant unobservable inputs (Level 3)*** ***KD***
Investment properties	**370,600,834**	**-**	**240,132,983**	**130,467,851**
31 December 2023				
Investment properties	378,015,123	-	241,283,552	136,731,571

There were no transfers between any levels of the fair value hierarchy during 2024 or 2023.

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values:

	2024 *KD*	*2023* *KD*
Opening balance	**136,731,571**	141,731,000
Additions and capital expenditures	**312,692**	25,801
Transfer to property and equipment	**-**	(2,192,857)
Valuation loss	**(6,576,412)**	(2,832,373)
Closing balance	**130,467,851**	136,731,571

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy are the yield rate (income capitalisation approach) and price per sqm (market approach).

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8 INVESTMENT PROPERTIES (continued)

Sensitivity analysis

Significant increases (decreases) in estimated price per square metre, rental value, in isolation would result in a significantly higher (lower) fair value on a linear basis. Significant increases (decreases) in estimated cap rate in isolation would result in a significantly (lower) higher fair value on a linear basis.

Significant assumptions used for valuation of investment properties with the same characteristics are as follows:

	2024	*2023*
Average price per square metre - KD	**125**	135
Average cap rate - %	**14.68**	13.30
Vacancy rate - %	**5.00**	5.00

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties.

		Impact on fair value	
Significant unobservable inputs	***Sensitivity***	***2024*** ***KD***	*2023* *KD*
	+1%	**2,706,622**	2,783,708
Average price per square metre	**- 1%**	**(2,706,662)**	(2,783,708)
	+10bps		
	- 10bps	**(1,357,263)**	(1,496,859)
Average cap rate		**1,330,386**	1,467,218
	+1%	**1,343,690**	1,481,890
Average cash flow	**- 1%**	**(1,343,690)**	(1,481,890)

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9 PROPERTY AND EQUIPMENT

	Freehold land KD	*Buildings KD*	*Tools and equipment KD*	*Computer hardware and software KD*	*Furniture and fixtures KD*	*Motor vehicles KD*	*Right of use of asset KD*	*Working under progress KD*	*Total KD*
Cost:									
As at 1 January 2024	54,689,347	118,714,702	25,227,425	5,935,263	19,921,111	2,711,323	447,947	393,961	228,041,079
Additions	4,778,539	2,380,814	306,510	192,204	173,023	17,953		146,741	7,995,784
Additions on business combination	10,405,232	1,150,984	240,728	102,398	123,602	48,013	-	-	12,070,957
Revaluation adjustment	161,461	443,609	-	-	-	-	-	-	605,070
Disposal	-	-	(437,902)	(42,114)	(221,651)	-	-	-	(701,667)
Exchange adjustment	(2,080,443)	3,733,653	(1,278,659)	(137,104)	122,011	(5,591)	1,939	(83)	355,723
As at 31 December 2024	**67,954,136**	**126,423,762**	**24,058,102**	**6,050,647**	**20,118,096**	**2,771,698**	**449,886**	**540,619**	**248,366,946**
Depreciation:									
As at 1 January 2024	-	(47,203,223)	(20,689,730)	(5,364,697)	(17,008,567)	(2,146,169)	(96,756)	-	(92,509,142)
Charge for the year	-	(2,261,047)	(374,697)	(202,545)	(555,353)	(179,871)	(8,954)	-	(3,582,467)
Additions on business combination	-	(644,869)	(193,883)	(98,625)	(96,449)	(25,167)	-	-	(1,058,993)
Disposal	-	-	436,708	23,513	221,651	-	-	-	681,872
Exchange adjustment	-	(178,442)	(23,354)	(14,714)	(47,788)	1,107	(463)	-	(263,654)
At 31 December 2024	-	**(50,287,581)**	**(20,844,956)**	**(5,657,068)**	**(17,486,506)**	**(2,350,100)**	**(106,173)**		**(96,732,384)**
Net carrying amount									
At 31 December 2024	**67,954,136**	**76,136,181**	**3,213,146**	**393,579**	**2,631,590**	**421,598**	**343,713**	**540,619**	**151,634,562**

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9 PROPERTY AND EQUIPMENT (continued)

	Freehold land KD	*Buildings KD*	*Tools and equipment KD*	*Computer hardware and software KD*	*Furniture and fixtures KD*	*Motor vehicles KD*	*Right of use of asset KD*	*Working under progress KD*	*Total KD*
Cost:									
As at 1 January 2023	54,781,792	108,708,580	24,394,824	5,691,152	17,317,627	2,436,912	447,867	6,684,930	220,463,684
Additions	-	288,863	786,701	258,864	2,582,483	332,460	-	1,845	4,251,216
Transfer from investment properties (Note 8)	-	2,192,857	-	-	-	-	-	-	2,192,857
Transfer	-	6,294,688	-	-	-	-	-	(6,294,688)	-
Revaluation adjustment	-	146,253	-	-	-	-	-	-	146,253
Disposal	-		(21,636)	(13,577)	(16,078)	(59,639)	-	-	(110,930)
Exchange adjustment	(92,445)	1,083,461	67,536	(1,176)	37,079	1,590	80	1,874	1,097,999
As at 31 December 2023	54,689,347	118,714,702	25,227,425	5,935,263	19,921,111	2,711,323	447,947	393,961	228,041,079
Depreciation:									
As at 1 January 2023	-	(44,330,940)	(20,251,096)	(5,163,554)	(16,658,912)	(1,997,045)	(87,782)	-	(88,489,329)
Impairment	-	(7,027)	-	-	-	-	-	-	(7,027)
Charge for the year	-	(2,793,258)	(418,735)	(217,667)	(333,191)	(184,581)	(8,951)	-	(3,956,383)
Disposal	-	292	16,294	13,021	15,596	49,781	-	-	94,984
Exchange adjustment	-	(72,290)	(36,193)	3,503	(32,060)	(14,324)	(23)	-	(151,387)
At 31 December 2023	-	(47,203,223)	(20,689,730)	(5,364,697)	(17,008,567)	(2,146,169)	(96,756)	-	(92,509,142)
Net carrying amount									
At 31 December 2023	54,689,347	71,511,479	4,537,695	570,566	2,912,544	565,154	351,191	393,961	135,531,937

The fair value of the freehold land and building was determined using the market comparable method. The valuations have been performed by an independent valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. The unit of comparison applied by the Group is the price per square meter ('sqm'). As at the reporting date, a gain from the revaluation of the freehold land and buildings of KD 605,070 (2023: KD 146,253), related deferred tax adjustment arising on the revaluation gain of KD loss 26,100 (2023: gain KD 40,162).

Significant unobservable valuation input
As at 31 December 2024, range of average market price for the freehold land and buildings (per square metre) used by the valuer is KD 924 (2023: KD 854). Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

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9 PROPERTY AND EQUIPMENT (continued)

The depreciation charge has been allocated in the consolidated statement of income as followed:

	2024 KD	*2023 KD*
Cost of revenue		
Contracting and services cost	**545,148**	552,788
Depreciation of hotels	**2,595,116**	2,892,629
Operational expenses		
Depreciation of property and equipment	**442,203**	510,966
	3,582,467	3,956,383

10 ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	2024 KD	*2023 KD*
Rent received in advance	**459,577**	2,817,310
Accounts payable	**34,693,901**	36,045,632
Retentions	**6,074,849**	6,612,755
Lease liabilities	**4,741,078**	3,778,485
Indemnity	**5,686,563**	4,875,786
Refundable deposits	**5,585,938**	5,702,169
Due to related parties (Note 23)	**7,739,636**	2,071,601
Other payables	**12,403,722**	13,602,999
KFAS payable	**21,081**	11,789
	77,406,345	75,518,526

The following table shows the movement of the Group's lease liabilities:

	2024 KD	*2023 KD*
As at 1 January	**3,778,485**	5,047,920
Addition	**2,386,316**	378,361
Finance cost	**226,238**	210,103
Payments	**(1,619,151)**	(1,818,220)
Foreign exchange differences	**(30,810)**	(39,679)
	4,741,078	3,778,485

The lease liabilities are presented in the consolidated statement of financial position as:

	2024 KD	*2023 KD*
Non-current	**3,437,258**	2,931,145
Current	**1,303,820**	847,340
As at 31 December	**4,741,078**	3,778,485

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11 INTEREST BEARING LOANS AND BORROWINGS

	2024 KD	*2023 KD*
Loans	**284,176,075**	291,497,950
Bank overdrafts	**1,326,709**	119,521
	285,502,784	291,617,471

	2024 KD	*2023 KD*
By Parent:		
Current	**15,105,188**	12,005,000
Non-current	**119,549,400**	120,401,258
	134,654,588	132,406,258
By Subsidiaries:		
Current	**7,863,929**	8,959,457
Non-current	**142,984,267**	150,251,756
	150,848,196	159,211,213
	285,502,784	291,617,471

The following table shows the current and non-current portion of the Group's loans obligations:

	Current portion KD	*Non-current portion KD*	*Total 2024 KD*	*Total 2023 KD*
Bank overdrafts (Note 3)	**1,326,709**	**-**	**1,326,709**	119,521
Short term loans	**11,229,655**	**-**	**11,229,655**	13,888,401
Term loans	**10,412,753**	**262,533,667**	**272,946,420**	277,609,549
	22,969,117	**262,533,667**	**285,502,784**	291,617,471

Term loans are obtained for varying periods ranging from one year to fifteen years and carry interest rates ranging from 5% to 11% (2023: 4.7% to 11%).

As at 31 December 2024, the Group's short-term loans and overdrafts amounting to KD 12,556,364 (31 December 2023: KD 14,007,922) are renewable on a yearly basis.

Interest bearing loans and borrowings amounting to KD 80,984,588 (2023: KD 82,341,258) are due to related parties (Note 23).

The following table shows the current and non-current portions (analysed by currency) of the Group's loan obligations.

	Current portion KD	*Non-current portion KD*	*Total 2024 KD*	*Total 2023 KD*
US Dollar	**2,041,424**	**3,529,213**	**5,570,637**	7,655,228
Omani Riyal	**568,442**	**13,513,560**	**14,082,002**	14,472,410
Egyptian Pound	**-**	**2,314,161**	**2,314,161**	5,597,333
Kuwaiti Dinar	**19,659,549**	**224,722,106**	**244,381,655**	244,495,401
Jordanian Dinar	**699,702**	**18,454,627**	**19,154,329**	19,397,099
	22,969,117	**262,533,667**	**285,502,784**	291,617,471

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12 BONDS

	2024 *KD*	*2023* *KD*
On 28 March 2023, the Parent Company issued unsecured bonds with the principal amount of KD 80,000,000 comprising of bonds in two series as follows:		
• Due on 28 March 2028, carrying interest at a fixed rate of 7% per annum payable quarterly in arrears.	**54,600,000**	54,600,000
• Due on 28 March 2028, carrying interest at a variable rate of 3% over the Central Bank of Kuwait discount rate payable quarterly in arrears.	**25,400,000**	25,400,000
	80,000,000	80,000,000

13 SHARE CAPITAL AND SHARE PREMIUM

The authorised and issued share capital of the Parent Company as of 31 December 2024 is KD 143,054,551 (2023: KD 143,054,551) comprising of 1,430,545,513 shares (2023: 1,430,545,513 shares) of 100 fils each (2023: 100 fils each) which is distributed as follows:

	Paid in cash		*In-kind contribution*	
	Shares	*KD*	*Shares*	*KD*
2024				
Shares of 100 fils	**1,187,974,420**	**118,797,442**	**242,571,093**	**24,257,109**
2023				
Shares of 100 fils	1,187,974,420	118,797,442	242,571,093	24,257,109

The share premium is not available for distribution.

14 STATUTORY RESERVE

In accordance with the Companies' Law, as amended, and the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, a minimum of 10% of the profit for the year before tax and board of directors' remuneration shall be transferred to the statutory reserve. 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.

15 VOLUNTARY RESERVE

In accordance with the Parent Company's Articles of Association, 10% of profit for the year attributable to equity holders of the Parent Company before taxation and directors' remuneration is to be transferred to the voluntary reserve. Such annual transfers have been discontinued by a resolution of the shareholders' Annual General Assembly held on 18 May 1999 upon a recommendation by the Board of Directors.

16 TREASURY SHARES

	2024	*2023*
Number of treasury shares	**128,481,710**	128,481,710
Percentage to issued shares	**8.981%**	8.981%
Market value in KD	**14,389,952**	5,820,221
Cost in KD	**15,503,985**	15,503,985

Reserves, retained earnings and share premium equivalent to the cost of treasury shares are not available for distribution throughout the period these shares are held by the Group.

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17 OTHER NET OPERATING INCOME

	2024 *KD*	*2023* *KD*
Gain on disposal of investment properties	**710,173**	5,817
Provision for maintenance on leasehold properties	**(1,031,747)**	(552,010)
Net reversal of provision for expected credit losses on trade receivables (Note 4)	**502,545**	7,638,890
Reversal of provision for expected credit losses on loan to an associate	**2,443,628**	(1,443,628)
Dividend income	**38,991**	35,580
Amortisation of intangible assets	**(112,387)**	(112,337)
Impairment of property and equipment	**-**	(7,026)
Gain on disposal of property and equipment	**2,662**	23,211
	2,553,865	5,588,497

18 GENERAL AND ADMINISTRATIVE EXPENSES

Included in the general and administration expenses are the following staff related costs:

	2024 *KD*	*2023* *KD*
Salaries, short-term employee benefits	**4,275,856**	3,750,846
Post-employment benefits	**822,226**	773,356
	5,098,082	4,524,202
Professional Fees	**1,020,258**	696,466
Other administrative expenses	**1,579,335**	2,395,518
	7,697,675	7,616,186

Salaries, short-term employee benefits and post-employment benefits charged to cost of revenue amounts to KD 23,220,058 (2023: KD 22,321,429).

19 OTHER NET NON-OPERATING INCOME

	2024 *KD*	*2023* *KD*
Other income	**1,814,520**	794,915
Foreign exchange gain	**1,695,875**	337,524
	3,510,395	1,132,439

20 TAXATION

	2024 *KD*	*2023* *KD*
Contribution to KFAS	**21,081**	11,789
NLST	**122,526**	-
Zakat	**1,872**	-
Taxation on overseas subsidiaries		
Current tax	**3,338**	3,100
Deferred tax	**47,152**	539,712
	195,969	554,601

20 TAXATION (continued)

The tax rate applicable to the taxable overseas subsidiaries companies is in the range of 15% to 22.5 % (2023: 15% to 22.5 %). For the purpose of determining the taxable results for the year, the accounting profit of the overseas subsidiary companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices of each overseas subsidiary companies jurisdiction.

The deferred tax liabilities relate to the following:

	2024 KD	*2023 KD*
Revaluation of investment properties to fair value	**(9,239,566)**	(9,739,235)
Revaluation of property and equipment to fair value	**(6,697,841)**	(13,197,486)
Deferred tax – relating to origination and reversal of temporary differences	**(8,832,612)**	(8,774,108)
Deferred tax liabilities	**(24,770,019)**	(31,710,829)

The reconciliation of deferred tax liabilities is detailed as followed:

	2024 KD	*2023 KD*
As at 1 January	**(31,710,829)**	(31,189,423)
Charge for the year	**(47,152)**	(539,712)
Business acquisition	**(395,529)**	-
Deferred tax adjustment on revaluation of property and equipment to fair value taken to other comprehensive income	**(26,100)**	40,162
Foreign exchange differences	**7,409,591**	(21,856)
As at 31 December	**(24,770,019)**	(31,710,829)

Pillar 2 Income Taxes

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities (MNE Group) whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. The jurisdiction in which the Group operates has joined the IF.

Currently the Group's revenue does not exceed EUR 750 million but may be exposed to the global minimum tax by virtue of the Ultimate Parent Company which is domiciled and operating in the State of Kuwait. On 31 December 2024, the State of Kuwait enacted Law No. 157 of 2024 (the "Law"), introducing a Domestic Minimum Top-Up Tax (DMTT) effective from 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and effective tax rate shall be computed in accordance with the Executive regulations which will be issued within six months from the date of issue of the Law. In the absence of Executive Regulations in Kuwait, the expected impact in 2025 cannot be reasonably estimated at this time.

The Ultimate Parent Company has performed an analysis of its Pillar 2 position for 2024 based on OECD guidelines. The Ultimate Parent Company doesn't have any material Pillar 2 top up tax exposure for the year 2024 in jurisdictions where the Pillar 2 legislation is in effect. The Group continues to assess the impact of evolving Pillar 2 tax regulations on its future financial performance.

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21 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent 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 earnings per share are identical.

	2024 KD	*2023 KD*
Gain for the year attributable to the equity holders of the Parent Company	**5,087,862**	4,193,212
	Shares	*Shares*
Number of shares outstanding		
Weighted average number of paid-up shares	**1,430,545,513**	1,430,545,513
Less: Weighted average number of treasury shares	**(128,481,710)**	(128,481,710)
Weighted average number of shares outstanding for basic earnings per share	**1,302,063,803**	1,302,063,803
Earnings per share attributable to equity holders of the Parent Company	**3.91 fils**	3.22 fils

22 DIVIDEND

During the board meeting held on 23 March 2025, the Board of Directors of the Parent Company has not proposed any cash dividend for the distribution to the shareholders (31 December 2023: Nil). These proposals are subject to the approval by the Shareholders' Annual General Assembly.

The Board of Directors of the Parent Company proposed a 5% bonus dividend for the year ended 31 December 2024 (31 December 2023: KD Nil), to be settled in the form of treasury shares.

The shareholders' annual general assembly held on 9 May 2024 approved the audited consolidated financial statements of the Group for the year ended 31 December 2023. The shareholders' annual general assembly had approved to not distribute any dividend or bonus shares for the year ended 31 December 2024 (31 December 2023: Nil).

23 RELATED PARTY TRANSACTIONS

These represent transactions with the related parties, i.e. the Ultimate Parent Company, major shareholders, associates, directors and key management of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Balances and transactions with related parties are as follows:

	Ultimate Parent Company KD	***Associates KD***	***Other related parties KD***	***2024 KD***	*2023 KD*
Consolidated statement of financial position					
Cash and deposits (Note 3)	-	-	**11,561,378**	**11,561,378**	11,892,629
Accounts receivable, prepayments and other assets (Note 4)	-	**1,211,304**	**899,007**	**2,110,311**	2,289,459
Financial assets at fair value through other comprehensive income (Note 6)	-	-	**22,164**	**22,164**	22,164
Loan to an associate	-	-	-	-	17,626,657
Accounts payable, accruals and other payables (Note 10)	**60,711**	-	**7,678,925**	**7,739,636**	2,071,601
Interest bearing loans and borrowings (Note 11)	-	-	**80,984,588**	**80,984,588**	82,341,258

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23 RELATED PARTY TRANSACTIONS (continued)

	Ultimate Parent Company KD	*Associates KD*	*Other related parties KD*	*2024 KD*	*2023 KD*
Consolidated income statement					
Contracting and services revenue	**41,101**	**248,862**	**5,545,806**	**5,835,769**	7,492,119
Rental income	**-**	**618,220**	**1,470,632**	**2,088,852**	586,412
Interest income	**-**	**574,851**	**-**	**574,851**	150,572
Other operating revenue	**-**	**699,474**	**-**	**699,474**	1,329,482
Property operating costs	**-**	**-**	**-**	**-**	(596,445)
General and administrative expenses	**-**	**(8,100)**	**(262,704)**	**(270,804)**	(221,980)
Finance costs	**-**	**-**	**(4,446,936)**	**(4,446,936)**	(4,475,802)

During the year, interest bearing loan provided by the Group to an associate, Assoufid B.V., amounted to KD 18,067,677 (31 December 2023: KD 17,626,657) and maturing on 1 January 2036 was eliminated upon consolidation of Assoufid B.V. (Note 28). Accordingly, the Group reversed related ECL provision on this loan to the associate amounting to KD 2,443,628 (31 December 2023: KD 1,443,628) on the date of acquiring control acquiring control and consolidated the associate.

Certain investments with carrying value of KD 906,995 (2023: KD 904,806) are managed by a related party (Note 6).

Key management personnel compensation	*2024 KD*	*2023 KD*
Salaries and short-term employee benefits	**1,105,292**	1,079,277
End of service benefits	**129,694**	129,183
	1,234,986	1,208,460

24 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities
At 31 December 2024 the Group had contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to KD 54,509,135 (31 December 2023: KD 46,478,299).

Capital commitments
The Group has agreed capital commitments with third parties and is consequently committed to future capital expenditure amounting to KD 54,728 (31 December 2023: KD 7,863).

Operating lease commitments – Group as a lessor
The Group has entered into commercial leases for certain investment properties in the normal course of business. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2024 KD	*2023 KD*
Within one year	**24,522,795**	27,763,470
After one year but not more than three years	**56,414,711**	57,362,288
	80,937,506	85,125,758

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25 LEGAL CASES

(a) On 16 April 2014, the group entered into an agreement with the Aga family ("the Buyer") stipulating the sale of some shares in a subsidiary company, Manazel United for Real Estate Investment Company S.A.E. (“Manazel”)). However, the Buyer did not fulfil the obligation to pay the purchase price to the group contrary to the terms of the agreement concluded by the Aga family.

During the period from 2016 to 2018, the Buyer (the Aga family) obtained final judgments affirming the validity and enforceability of contracts for the sale of approximately 45% of the company's shares.

All judgments issued in favour of the Aga family were suspended by the Financial Supervisory Authority and the Public Funds Prosecution based on a complaint filed by the company. A final judgment was issued in favour of the company by the Criminal Court on 18 July 2020, and the Egyptian Court of Cassation on 11 August 2022, in criminal case No. 2915/2020. The court found that the contracting party (the Agha family) obtained the above judgments based on forgery in the contract and stock sale orders. The company also appealed the same judgments to the Court of Cassation through requests for reconsideration, which have not been decided as of this date.

Notwithstanding the above, management had recorded a provisional loss of KD 725,173 as at 31 December 2024 relating to the potential loss of equity interest in Manazel (31 December 2023: KD 1,982,349). The legal counsel of the Group believes that this matter will not have a material adverse effect on the consolidated financial statements.

(b) The Group has certain fully depreciated assets as at 31 December 2024 (31 December 2023: Nil) which represent Built-Own-Transfer (BOT) projects for the construction of certain properties (the “Properties”). These Properties were built on certain leasehold lands from the Ministry of Finance (“MOF”) for an initial period of 25 years which was then extended for additional 10 years. Upon expiry of the renewed lease term, MOF had not extended the lease periods and filed legal cases against the Group to evacuate the Properties and for additional rentals. The Group has filed counter legal cases against MOF to renew the lease period. As per the legal counsel, the Group is entitled for the renewal of the lease period based on the original terms of the contracts with MOF. The Group is still managing the operations of the Properties as legal cases are under consideration of the court of cassation. As per the legal counsel, the Group is entitled to revenues arising from the Properties until final ruling is made and repossession effected. Accordingly, revenue from the Properties and related operational costs have been recognised by the Group in the consolidated income statement amounting to KD 3,287,227 (31 December 2023: KD 3,252,269) and KD 2,470,565 (31 December 2023: KD 2,482,795) respectively.

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26 SEGMENT INFORMATION

The 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 profit or loss as explained in the table below.

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

The Group has following reportable segments:

- Rental operations: consist of leasing of properties.
- Hospitality operations: consist of hospitality services provided through Marina Hotel, Hilton Hotel, Bhamdoun Hotel, Waldorf Astoria
- and Salalah Residence.
- Real estate development &Property trading: consist of purchase and resale of properties & development of real estate properties.
- Contracting and services: consist of managing third party properties.

The following table presents revenue and profit information regarding the Group's operating segments:

	Segment revenues 2024 KD	***Segment gross profit 2024 KD***	***Segment results 2024 KD***	*Segment revenues 2023 KD*	*Segment gross profit 2023 KD*	*Segment results 2023 KD*
Rental operations **	**34,038,100**	**22,871,211**	**(5,811,835)**	34,015,379	23,246,976	416,243
Hospitality operations	**16,904,889**	**3,762,566**	**2,565,172**	14,579,127	1,887,210	(457,216)
Real estate development & Trading ***	**709,848**	**629,820**	**4,964,412**	1,994,302	1,638,272	1,176,330
Contracting	**6,315,910**	**(177,022)**	**40,258**	10,509,825	(3,598,999)	(2,253,270)
Real estate services	**34,169,716**	**4,565,245**	**2,972,696**	30,222,428	4,907,760	3,306,155
Inter-segmental eliminations	**(3,501,458)**	**(274,086)**	**(226,358)**	(4,034,902)	(927,279)	(329,593)
Total	**88,637,005**	**31,377,734**	**4,504,345**	87,286,159	27,153,940	1,858,649
Directors' remuneration*			**(42,000)**			(42,000)
Gain on sale of Subsidiary*			**-**			2,575,445
Other income			**675,533**			-
Profit for the year			**5,137,878**			4,392,094

* These costs are not allocated to segments, as this type of activity is driven by the central corporate function, which is managed at the Group level.

** The rental operations segment includes valuation adjustment of investment properties loss amounting to KD 6,662,485 (2023: KD 1,052,758)

*** The Real estate development & Trading segment includes valuation adjustment of investment properties gain amounting to KD 969,349 (2023: loss KD 372,433).

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26 SEGMENT INFORMATION (continued)

Disaggregated revenue information

The following presents the disaggregation of the Group's revenues:

Timing of revenue recognition	***Services performed over time KD***	***Services performed at point in time KD***	***Total 2024 KD***	*Services performed over time KD*	*Services performed at point in time KD*	*Total 2023 KD*
31 December						
Rental operations	**30,025,110**	**4,012,990**	**34,038,100**	30,445,141	3,570,238	34,015,379
Hospitality operations	**-**	**16,904,889**	**16,904,889**	-	14,579,127	14,579,127
Real estate development & Trading	**620,469**	**89,379**	**709,848**	1,479,723	514,579	1,994,302
Contracting	**6,315,910**	**-**	**6,315,910**	10,509,825	-	10,509,825
Real estate services	**34,169,716**	**-**	**34,169,716**	30,222,428	-	30,222,428
Inter-segmental eliminations	**(3,501,459)**	**-**	**(3,501,459)**	(4,034,902)	-	(4,034,902)
Total revenue from contracts with customers	**67,629,746**	**21,007,258**	**88,637,004**	68,622,215	18,663,944	87,286,159

Assets:	***2024 KD***	*2023 KD*
Rental operations	**332,891,983**	338,579,954
Hospitality operations	**134,373,108**	135,332,209
Real estate development & trading	**186,356,831**	151,180,834
Contracting	**31,418,446**	34,837,600
Real estate services	**24,315,140**	18,676,026
Unallocated	**1,115,205**	1,116,103
Inter-segmental eliminations	**(38,502,934)**	(14,243,830)
Total assets	**671,967,779**	665,478,896
Liabilities:		
Rental operations	**436,003,851**	438,539,947
Hospitality operations	**40,964,290**	52,191,075
Real estate development & trading	**67,886,663**	56,066,009
Contracting	**23,396,750**	34,117,119
Real estate services	**20,620,495**	14,839,356
Unallocated	**(4,452,236)**	(1,578,695)
Inter-segmental eliminations	**(116,740,665)**	(115,327,985)
Total liabilities	**467,679,148**	478,846,826

Geographical markets

Revenue:	***2024 KD***	*2023 KD*
Kuwait	**68,059,568**	68,477,720
Egypt	**12,154,404**	10,388,298
Lebanon	**741,804**	908,107
Oman	**3,283,548**	3,546,222
Jordan	**4,397,680**	3,961,693
Europe	**-**	4,119
	88,637,004	87,286,159

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26 SEGMENT INFORMATION (continued)

The revenue information above is based on the location of the subsidiaries.

Other geographic information
The following presents information regarding the Group's non-current assets based on its geographical segments:

	2024 KD	*2023 KD*
Kuwait	**184,512,315**	171,719,369
Egypt	**148,931,453**	149,495,541
Lebanon	**30,189,379**	29,363,766
UAE	**6,692,033**	10,922,903
Syria	**4,240,829**	3,605,900
Oman	**72,048,630**	72,310,725
Bahrain	**1,184,718**	1,180,251
Jordan	**111,959,773**	112,408,730
Europe	**11,011,964**	23,802,653
KSA	**2,340,922**	1,771,560
	573,112,016	576,581,398

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise financial assets and financial liabilities.

The methodologies and assumptions used to determine fair values of financial instruments are as follows:

The fair value of financial instruments that are traded in active markets is determined by reference to the quoted market prices or dealer price quotations (bid prices for long positions and ask price for short position) without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Determination of fair value and fair value hierarchy:
The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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27 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

2024	***Level: 1 KD***	***Level: 3 KD***	***Total KD***
Financial assets at fair value through other comprehensive income (Note 6):			
Quoted equity shares	**180,366**	**-**	**180,366**
Unquoted equity shares	**-**	**756,350**	**756,350**
	180,366	**756,350**	**936,716**

2023	*Level: 1 KD*	*Level: 3 KD*	*Total KD*
Financial assets at fair value through other comprehensive income (Note 6):			
Quoted equity shares	175,057	-	175,057
Unquoted equity shares	-	1,866,871	1,866,871
	175,057	1,866,871	2,041,928

The impact on the consolidated statement of financial position or the consolidated statement of changes in equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

The following table below shows a reconciliation of the opening, and the closing amount of level 3 financial assets measured at fair value:

	31 December 2024 KD	*31 December 2023 KD*
As at 1 January	**1,866,871**	1,856,270
Re-measurement recognised in other comprehensive income	**(771,755)**	2,541
Others including net purchases (sales) and transfer	**(338,766)**	8,060
As at 31 December	**756,350**	1,866,871

Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

Financial assets at fair value through other comprehensive income:
Fair values of financial assets classified as fair value through other comprehensive income are determined using valuation techniques that are not based on observable market prices or rates. Unquoted equity shares are valued based on price to book value method using latest available financial statements of the investee entities.

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28 BUSINESS COMBINATION UNDER COMMON CONTROL

On 19 December 2024, the Parent Company obtained control of Assoufid B.V. (“Assoufid”) through a contractual agreement without the transfer of any consideration. As a result, Assoufid has been consolidated as a subsidiary. Assoufid is a company incorporated in the Netherlands that operates through its subsidiaries and is engaged in the construction of a mixed-used integrated tourism and residential project located in Marrakech, the Kingdom of Morocco. While Assoufid is expected to generate minimal revenue until the completion of the development, at the acquisition date, it was actively involved in the construction, development, and marketing of the project.

Prior to obtaining control, the Parent Company held a 49% equity interest in Assoufid., which was previously accounted for using the equity method. Control was acquired through a contractual agreement with another shareholder, granting the Parent Company the ability to direct Assoufid’s financial and operating policies.

Since both the Parent Company and Assoufid are controlled by the same Ultimate Parent Company (KIPCO) before and after the combination, and the common control is not transitory, management adopted a pooling of interest method to account for the above business combination.

Assets acquired and liabilities assumed
The carrying values of the identifiable assets and liabilities of Assoufid at the acquisition date were as follows:

	KD
Assets	
Cash and bank balances	**176,494**
Receivables and others	**8,551,059**
Properties held for trading	**24,050,390**
Property and equipment	**11,011,964**
	43,789,907
Liabilities	
Due to related parties	**25,668,037**
Accounts payable and accruals	**5,664,799**
	31,332,836
Total identifiable net assets	**12,457,071**
Non-controlling interest	**(6,353,106)**
Previously held interest	**(6,103,965)**
Impact from acquisition of the subsidiary	**-**
Cash flows on business combination	
Cash and bank balances in the subsidiary acquired	**176,494**
Net cash inflow on business combination	**176,494**

From the date of acquisition, Assoufid contributed nil revenue and profit before tax from continuing operations of the Group. If the acquisition had occurred on 1 January 2024 with all other variables held constant, Group revenue for 2024 would have increased by KD 696,141, whereas the increase in profit would be immaterial for 2024.

The Group has elected to measure the non-controlling interest in Assoufid at the proportionate share of Assoufid's net identifiable assets.

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29 RISK MANAGEMENT

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. The Group’s principal financial liabilities comprise interest bearing loans, accounts and other payables. The main purpose of these financial liabilities is to raise finance for the Group’s operations. The Group’s financial assets comprise accounts and other receivables, due to related parties and cash and short-term deposits. The Group also holds financial assets at fair value through other comprehensive income, loan to an associate.

The management is monitoring and reassessing the risk management objectives and policies based on the current updates. For the year ended 31 December 2024, there were no significant changes to the risk management objectives and policies as compared to the audited consolidated financial statements as at 31 December 2023.

Risk management structure
The Board of Directors of the Parent Company are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group’s policies and procedures include specific guidelines to focus on country and counter party limits and maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

29.1 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 counter-parties, monitors credit exposures, and continually assesses the creditworthiness of counterparties, with the result that the Group’s exposure to bad debts is not significant.

The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Group management.

With respect to credit risk arising from the other financial assets of the Group, which comprise bank balances and short term deposits, the Group’s exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of bank balances, short term deposits and accounts receivable. The Group is also exposed to credit risk on its loan to an associate. Due to the nature of the Group’s business, the Group does not take possession of collaterals.

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29 RISK MANAGEMENT (continued)

29.1 Credit risk (continued)

29.1.1 Gross maximum exposure to credit risk

The table below shows the gross maximum exposure to credit risk across financial assets before credit risk mitigation:

	2024 ***KD***	*2023* *KD*
Bank balances and deposits	**17,938,857**	35,383,705
Accounts receivable and other assets *(excluding Prepayments and advances)*	**48,051,954**	43,480,541
Loan to an associate	**-**	17,626,657
	65,990,811	96,490,903

As at 31 December 2024, the maximum credit exposure to a single counterparty amounts to KD 2,110,311 (2023: KD 19,916,116). The above-mentioned, financial assets of the Group are distributed over the following geographical regions:

Geographical regions	***2024*** ***KD***	*2023* *KD*
Kuwait	**48,726,655**	68,641,557
Jordan	**2,988,902**	3,506,460
Egypt	**3,784,656**	4,350,449
Lebanon	**446,160**	546,289
Oman	**1,196,375**	1,637,454
Europe	**8,727,555**	17,688,443
UAE	**1,042**	1,452
Bahrain	**25,660**	25,426
Syria	**93,806**	93,373
	65,990,811	96,490,903

The Group's exposure is predominately to real estate and construction sectors. There is no concentration of credit risk with respect to real estate receivables, as the Group has a large number of tenants.

Bank balances and short-term deposits

The credit risk on bank balances is considered negligible, since the counterparties are reputable banks and financial institutions.

Accounts receivables

The Group generally trades only with recognized and creditworthy counter parties. The Group has policies and procedures in place to limit the amount of credit exposure to any counter party. 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 trade 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, trade accounts receivable are written-off if past due more than one year are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each trade accounts receivable. The Group does not have a policy to obtain collaterals against trade accounts receivable.

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29 RISK MANAGEMENT (continued)

29.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a periodic basis.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities.

	Within** **one year						
	Within 1 month KD	***Within 3 months KD***	***3 to 12 months KD***	***Sub total KD***	***1 to 5 years KD***	***Greater than 5 years KD***	***Total KD***
31 December 2024							
Accounts payable, accruals and other payables	**6,090,386**	**18,624,026**	**44,048,839**	**68,763,251**	**11,426,556**	**-**	**80,189,807**
Interest bearing loans and borrowings *	**1,216,977**	**4,528,284**	**19,128,759**	**24,874,020**	**224,995,485**	**131,740,292**	**381,609,797**
Bonds	**-**	**1,400,000**	**4,200,000**	**5,600,000**	**92,600,000**	**-**	**98,200,000**
Total liabilities	**7,307,363**	**24,552,310**	**67,377,598**	**99,237,271**	**329,022,041**	**131,740,292**	**559,999,604**

	Within one year						
	Within 1 month KD	*Within 3 months KD*	*3 to 12 months KD*	*Sub total KD*	*1 to 5 years KD*	*Greater than 5 years KD*	*Total KD*
31 December 2023							
Accounts payable, accruals and other payables	569,202	5,945,881	62,221,613	68,736,696	8,759,040	-	77,495,736
Interest bearing loans and borrowings *	1,497,455	7,975,788	28,243,128	37,716,371	354,412,587	-	392,128,958
Bonds	-	-	5,663,500	5,663,500	98,406,375	-	104,069,875
Total liabilities	2,066,657	13,921,669	96,128,241	112,116,567	461,578,002	-	573,694,569

* Interest bearing loans and borrowings includes an amount of short-term loans and overdraft KD 12,556,364 (2023: KD 14,007,922). The balance is due within one year from the reporting date and is renewable on maturity.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities.

29 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short-term changes in fair value.

29 RISK MANAGEMENT (continued)

29.3 Market risk (continued)

29.3.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. Interest rate risk is managed by the finance department of the Parent Company. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities (bank deposits, loans and borrowings and bonds) as a result of mismatches of interest rate repricing of assets and liabilities. It is the Group's policy to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to keep a substantial portion of its borrowings at variable rates of interest.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's profit before directors' remuneration and taxation, based on floating rate financial assets and financial liabilities held at 31 December 2024 and 31 December 2023. There is no impact on equity.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible increase in interest rates, with all other variables held constant.

	50 basis points increase Effect on profit before directors' remuneration and taxation	
	2024	*2023*
	KD	*KD*
US Dollars	**(27,853)**	(45,346)
Kuwaiti Dinars	**(1,221,908)**	(1,659,172)
Jordanian Dinars	**(95,772)**	(98,494)
Omani Riyal	**(70,410)**	(72,362)
Egyptian Pound	**(11,571)**	(27,987)

The effect of decrease in the basis points on the results will be symmetric to the effect in increased in the basis points.

29.3.2 Equity price risk

Equity price risk arises from changes in the fair values of equity investments. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Group's quoted investments are quoted on the regional Stock Exchanges.

The effect on other comprehensive income as a result of a change in the fair value of equity instruments held as available for sale financial assets at 31 December 2024 and 31 December 2023 due to 5% increase in the following market indices with all other variables held constant is as follows:

	Effect on equity	
Market indices	***2024***	*2023*
	KD	*KD*
Kuwait	**996**	772
Others	**8,033**	7,981

The effect on the profit before directors' remuneration and taxation represents decrease in fair value of impaired available for sale investments which will be recorded in the consolidated income statement. Sensitivity to equity price movements will be on a symmetric basis to the effect of increase in equity prices.

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29 RISK MANAGEMENT (continued)

29.3 Market risk (continued)

29.3.3 Foreign currency risk

Currency risk is the risk that the value of the financial instrument on monetary items will fluctuate due to changes in the foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the Kuwaiti Dinar. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a change in currency rate by 1%, with all other variables held constant:

	Increase by 1% Effect on profit before directors' remuneration and taxation	
	2024	*2023*
	KD	*KD*
US Dollars	**(220,029)**	(241,465)
Euro	**(26,656)**	176,267
Egyptian Pounds	**(211,471)**	(307,028)
British Pound	**-**	595
Omani Riyal	**(200,904)**	(203,761)
Jordanian Dinar	**(14,555)**	(9,483)

The effect of decrease in the currency rate by 1% will be symmetric to the effect of increase in the basis.

30 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, maximise shareholder value and remain within the quantitative loan covenants.

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 adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio as per the debt covenant for their loans, which is net debt divided by total equity.

The Group includes within net debt interest-bearing loans and borrowings, less cash and cash equivalents. For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves.

	2024	*2023*
	KD	*KD*
Interest bearing loans and borrowings (Note 11)	**285,502,784**	291,617,471
Bonds (Note 12)	**80,000,000**	80,000,000
Less: Cash, bank balances and deposits (Note 3)	**(17,938,857)**	(35,383,705)
Net debt	**347,563,927**	336,233,766
Total equity	**204,288,631**	186,632,070
Gearing ratio	**170.13%**	180.16%

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