Al-Arabiya Real Estate Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2026

EY

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL-ARABIYA REAL ESTATE COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Arabiya Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, "the Group"), as at 30 June 2026, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2026 that might have had a material effect on the business of the Parent Company or on its financial position, except that the Parent Company made certain direct investments in breach of its Articles of Association, which require such investments to be made through specialised entities.

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL-ARABIYA REAL ESTATE COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements (continued)

We further report that, during the course of our review, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the establishment of Capital Markets Authority ("CMA") and organisation of security activity and its executive regulations, as amended, during the six-month period ended 30 June 2026 that might have had a material effect on the business of the Parent Company or on its financial position.

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

5 August 2026
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 June 2026

	Note	*Three months ended 30 June*		*Six months ended 30 June*	
		2026	*2025*	***2026***	*2025*
		KD	*KD*	***KD***	*KD*
INCOME					
Rental income		**826,837**	831,915	**1,672,181**	1,678,564
Revenue from hotel operations		**838,676**	1,306,800	**1,852,331**	2,496,824
Dividend income		**348,805**	269,439	**461,305**	269,439
Other income		**105,626**	120,236	**175,223**	378,011
		2,119,944	2,528,390	**4,161,040**	4,822,838
EXPENSES AND OTHER CHARGES					
Direct operating expenses arising from investment properties		**178,303**	181,725	**345,381**	381,453
Loss from sale of investment properties		**-**	-	**-**	192,612
Hotel operating expenses		**828,903**	1,002,702	**1,690,885**	1,949,752
Staff costs		**91,144**	116,028	**159,908**	208,115
Depreciation expense		**170,126**	173,872	**340,945**	324,103
Other expenses		**153,947**	232,882	**253,985**	406,294
		1,422,423	1,707,209	**2,791,104**	3,462,329
Profit before finance costs		**697,521**	821,181	**1,369,936**	1,360,509
Finance costs		**(957,908)**	(1,048,354)	**(1,898,443)**	(2,096,742)
LOSS FOR THE PERIOD		**(260,387)**	(227,173)	**(528,507)**	(736,233)
BASIC AND DILUTED LOSS PER SHARE (LPS)	3	**(0.67) fils**	(0.59) fils	**(1.37) fils**	(1.93) fils

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2026

	Three months ended 30 June		*Six months ended 30 June*	
	2026	*2025*	*2026*	*2025*
	KD	*KD*	*KD*	*KD*
LOSS FOR THE PERIOD	**(260,387)**	(227,173)	**(528,507)**	(736,233)
Other comprehensive (loss) income				
Other comprehensive loss that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	**(1,751)**	(28,989)	**(36,244)**	(107,666)
Other comprehensive (loss) income that will not be reclassified subsequently to profit or loss:				
Net gain on equity instruments at fair value through other comprehensive income	**(38,883)**	3,447,533	**114,667**	5,094,837
Other comprehensive (loss) income for the period	**(40,634)**	3,418,544	**78,423**	4,987,171
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**(301,021)**	3,191,371	**(450,084)**	4,250,938

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2026

	Notes	***30 June 2026 KD***	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
ASSETS				
Non-current assets				
Property and equipment		**13,044,036**	13,306,581	13,634,997
Investment properties	4	**77,678,560**	77,663,279	77,082,930
Investment in associates		**273,903**	304,805	293,888
Financial assets at fair value through other comprehensive income	10	**14,674,863**	16,729,005	16,080,766
Accounts receivable and prepayments		**-**	-	66,301
		105,671,362	108,003,670	107,158,882
Current assets				
Accounts receivable and prepayments		**2,509,744**	2,740,972	3,106,900
Financial assets at fair value through profit or loss		**-**	-	503,843
Cash and cash equivalents		**823,210**	715,674	1,684,219
		3,332,954	3,456,646	5,294,962
TOTAL ASSETS		**109,004,316**	111,460,316	112,453,844
EQUITY AND LIABILITIES				
Equity				
Share capital	5	**38,600,877**	38,600,877	38,600,877
Treasury shares		**-**	-	(78,056)
Treasury shares reserve		**-**	-	717,309
Statutory reserve		**458,902**	458,902	458,902
Fair value reserve		**5,444,342**	6,262,803	5,614,564
Foreign currency translation reserve		**(1,401,433)**	(1,365,189)	(1,372,764)
Retained earnings (accumulated losses)		**598,439**	193,818	(542,001)
Total equity		**43,701,127**	44,151,211	43,398,831
Non-current liabilities				
Employees' end of service benefits		**325,582**	313,698	299,110
Term loans	6	**9,444,425**	10,954,893	62,360,382
		9,770,007	11,268,591	62,659,492
Current liabilities				
Accounts payable and accruals		**2,704,745**	2,689,281	3,045,853
Term loans	6	**52,828,437**	53,351,233	3,349,668
		55,533,182	56,040,514	6,395,521
Total liabilities		**65,303,189**	67,309,105	69,055,013
TOTAL EQUITY AND LIABILITIES		**109,004,316**	111,460,316	112,453,844

Emad Jawad Bukhamseen
Chairman

Abdullah Abdulsamad Marafi
Vice Chairman & CEO

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2026

	Share capital KD	***Treasury shares KD***	***Treasury shares reserve KD***	***Statutory reserve KD***	***Fair value reserve KD***	***Foreign currency translation reserve***	***Retained earnings (accumulated losses) KD***	***Total equity KD***
As at 1 January 2026 *(audited)*	**38,600,877**	**-**	**-**	**458,902**	**6,262,803**	**(1,365,189)**	**193,818**	**44,151,211**
Loss for the period	-	-	-	-	-	-	(528,507)	(528,507)
Other comprehensive income (loss) for the period	-	-	-	-	114,667	(36,244)	-	78,423
Total comprehensive income (loss) for the period	-	-	-	-	114,667	(36,244)	(528,507)	(450,084)
Transfer of fair value reserve on derecognition of equity instruments designated at FVOCI (Note 7)	-	-	-	-	(933,128)	-	933,128	-
At 30 June 2026	**38,600,877**	**-**	**-**	**458,902**	**5,444,342**	**(1,401,433)**	**598,439**	**43,701,127**
As at 1 January 2025 (audited)	37,659,392	(481,678)	713,102	458,902	519,727	(1,265,098)	2,074,909	39,679,256
Loss for the period	-	-	-	-	-	-	(736,233)	(736,233)
Other comprehensive income (loss) for the period	-	-	-	-	5,094,837	(107,666)	-	4,987,171
Total comprehensive income (loss) for the period	-	-	-	-	5,094,837	(107,666)	(736,233)	4,250,938
Cash dividends	-	-	-	-	-	-	(939,192)	(939,192)
Issue of bonus shares	941,485	-	-	-	-	-	(941,485)	-
Purchase of treasury shares	-	(210,904)	-	-	-	-	-	(210,904)
Sale of treasury shares	-	614,526	4,207	-	-	-	-	618,733
At 30 June 2025	38,600,877	(78,056)	717,309	458,902	5,614,564	(1,372,764)	(542,001)	43,398,831

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2026

	Six months ended 30 June	
	2026	*2025*
	KD	*KD*
OPERATING ACTIVITIES		
Loss for the period	**(528,507)**	(736,233)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation expense	**340,945**	324,103
Loss from sale of investment properties	**-**	192,612
Unrealised gain on financial assets at fair value through profit or loss	**-**	(3,843)
Reversal of provision for expected credit loss on trade receivables	**-**	(161,659)
Provision for employees' end of service benefits	**34,855**	77,544
Dividend income	**(461,305)**	(269,439)
Finance costs	**1,898,443**	2,096,742
	1,284,431	1,519,827
Working capital adjustments:		
Accounts receivable and prepayments	**(138,555)**	1,115,401
Accounts payable and accruals	**30,599**	(893,291)
Cash flows from operations	**1,176,475**	1,741,937
Employees' end of service benefits paid	**(22,971)**	(91,272)
Taxes paid	**-**	(62,097)
Net cash flows from operating activities	**1,153,504**	1,588,568
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(78,400)**	(85,460)
Purchase of financial assets at fair value through profit or loss	**-**	(500,000)
Proceeds from sale of financial assets at FVOCI	**2,168,808**	-
Proceeds from sale of investment properties	**-**	1,560,092
Proceeds from receivables on disposal of investment properties	**369,783**	-
Dividend income received	**461,305**	269,439
Net cash flows from investing activities	**2,921,496**	1,244,071
FINANCING ACTIVITIES		
Repayment of term loans	**(2,200,000)**	-
Finance costs paid	**(1,731,707)**	(1,954,143)
Payment of lease liabilities	**(15,135)**	(30,239)
Purchase of treasury shares	**-**	(210,904)
Proceeds from sale of treasury shares	**-**	618,733
Net cash flows used in financing activities	**(3,946,842)**	(1,576,553)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**128,158**	1,256,086
Net foreign exchange differences	**(20,622)**	(123,950)
Cash and cash equivalents as at the beginning of the period	**715,674**	552,083
CASH AND CASH EQUIVALENTS AT 30 JUNE	**823,210**	1,684,219

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Al-Arabiya Real Estate Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 5 August 2026.

The shareholders of the Parent Company at the annual general assembly meeting ("AGM") held on 7 May 2026 approved the consolidated financial statements for the year ended 31 December 2025. No dividends has been declared.

The Parent Company is a public shareholding company, incorporated and domiciled in Kuwait and whose shares are publicly traded in Boursa Kuwait. The Parent Company's head office is located at Sharq, Ahmed Al Jaber, Al Arabiya Tower, Kuwait.

The Parent Company is a subsidiary of Bukhamseen Group Holding Company K.S.C. (Holding) (the "Ultimate Parent Company").

The primary objectives of the Parent Company are, as follows:

- Carrying out various real estate commercial activities including procurement, sale of investments in lands and properties, managing properties for others, undertaking contracting activities and trading in all materials related to construction or required for it.
- Setting up commercial markets, tourism, sport and entertainment facilities.
- Constructing, acquiring and managing hotels and its tourism activities.
- Managing real estate portfolios for the Parent Company only and investment in the shares and projects of other companies whose activities are similar to the Parent Company's activities, establish and manage real estate investment funds only, and use the available financial surplus of the Parent Company for investment in financial and real estate portfolios managed by specialised companies.

This interim condensed consolidated financial information includes the Parent Company and its wholly owned subsidiary, Hotel (together, referred to as the 'Group") and associates as follows:

Subsidiaries

			% equity interest		
	Country of incorporation	**Principal activities**	***30 June 2026***	*31 December 2025 (Audited)*	*30 June 2025*
Holiday Inn Hotel - Salmiya	Kuwait	Hospitality	**100**	100	100
AREC Properties Company Limited L.L.C.	UAE	Real estate	**100**	100	100

Associates

			% equity interest		
	Country of incorporation	**Principal activities**	***30 June 2026***	*31 December 2025 (Audited)*	*30 June 2025*
Sharm Dreams for Real Estate Development Company S.A.E*	Egypt	Real estate	**17.9**	17.9	17.9
Kuwait Real Estate Developer W.L.L.	Kuwait	Real estate	**33**	33	33

* Although the Group holds less than 20% of the equity interest in the investee; management has concluded that the Group has significant influence over the investee and, accordingly, the investment is accounted for as an associate using the equity method.

The decrease of KD 30,902 during the period is attributable to foreign currency differences arising on depreciation of the Egyptian Pound (EGP) against the Kuwaiti Dinar (KD).

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2025.

Certain prior period amounts have been reclassified and regrouped to conform to the current period presentation. There is no effect of these reclassifications and regroupings on the previously reported equity as at 31 December 2025 and 30 June 2025 and profit for the periods then ended. Such reclassification and regrouping have been made to improve the quality of information presented.

Going concern basis of accounting

For the six-month period ended 30 June 2026, the Group incurred a net loss of KD 528,507 (30 June 2025: KD 736,233) and, as of that date, the Group's current liabilities exceeded its current assets by KD 52,200,228 as at 30 June 2026 (31 December 2025: KD 52,583,868 and 30 June 2025: KD 1,100,559).

The management has performed a detailed assessment of the Group's financial position, liquidity profile and forecast cash flows for a period of at least twelve months from the reporting date. This assessment reflects actions already taken and arrangements in place to manage the Group's liquidity and funding requirements. During the period, the Group disposed of certain investments designated at FVOCI for a consideration of KD 2,168,808 and repaid term loan installments amounting to KD 2,200,000. In addition, the Group is in advanced discussions with lenders to reschedule a term loan of KD 50,000,000 due on 31 December 2026 in line with its agreed financing strategy. The Group's major shareholders have also confirmed their continued financial support and their commitment to provide funding, as required, to enable the Group to meet its obligations as they fall due.

These events and conditions may cast doubt on the Group's ability to continue as a going concern. Having evaluated management's plans, including expected operating cash flows, anticipated proceeds from the ongoing disposal of investments, the ongoing rescheduling of the KD 50,000,000 facility and the confirmed financial support of the Ultimate Parent Company, management has concluded that no material uncertainty exists and that the preparation of the interim condensed consolidated financial information on a going concern basis remains appropriate.

Accordingly, the interim condensed consolidated financial information have been prepared on a going concern basis. This interim condensed consolidated financial information does not include any adjustments that would result from the Group being unable to continue as a going concern.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of amendments to IFRS Accounting Standard (as described below) and annual improvements effective as of 1 January 2026. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The amendments and improvements apply for the first time in 2026 but do not have an impact on the interim condensed consolidated financial information of the Group.

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

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

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the 'settlement date' and an accounting policy choice is introduced (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (continued)

- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

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

Annual Improvements to IFRS accounting Standards – Volume 11
In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 7 *Financial instruments: Disclosure* and its accompanying Guidance on implementing IFRS 7, IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements* and IAS 7 *Statements of Cash Flows*.

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

3 BASIC AND DILUTED LPS

Basic LPS is calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period (excluding treasury shares). Diluted LPS is calculating by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted loss per share are identical.

	Three months ended 30 June		*Six months ended 30 June*	
	2026	*2025*	***2026***	*2025*
Loss for the period (KD)	**(260,387)**	(227,173)	**(528,507)**	(736,233)
Weighted average number of ordinary shares outstanding (shares)	**386,008,772**	382,620,734	**386,008,772**	381,675,088
Basic and diluted LPS (Fils)	**(0.67)**	(0.59)	**(1.37)**	(1.93)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the authorisation date of this interim condensed consolidated financial information.

4 INVESTMENT PROPERTIES

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
As at the beginning of the period/year	**77,663,279**	78,151,017	78,151,017
Capitalised expenditure	**-**	11,400	-
Disposals	**-**	(1,051,803)	(1,051,803)
Change in fair value*	**-**	568,242	-
Exchange differences	**15,281**	(15,577)	(16,284)
As at the end of the period/year	**77,678,560**	77,663,279	77,082,930

4 INVESTMENT PROPERTIES

As at 30 June 2026, investment properties with a carrying value of KD 75,800,000 (31 December 2025: KD 75,800,000 and 30 June 2025: KD 75,200,000) is pledged as a security against term loans (Note 6).

* The valuations of investment properties in Kuwait were performed at 31 December 2025 by two accredited independent valuers with recognised and relevant professional qualification and experience in the locations and categories of the investment properties being valued. As required by the Capital Market Authority (CMA), the Group has selected the lower of these valuations. The fair value of investment property outside Kuwait has been determined based on valuation performed by an independent professional real estate valuation experts who are specialised in valuing such type of properties as required by the Capital Markets Authority (CMA). The valuation models applied are consistent and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property.

  The fair value of the investment properties is classified within Level 2 of the fair value hierarchy to the extent determined using the market comparison approach based on observable price per square metre, and within Level 3 to the extent determined using the income capitalisation approach, which incorporates significant unobservable inputs.

  Valuation of the Group's investment property portfolio is performed on an annual basis as management believes that there are no significant circumstances that have arisen during the interim reporting period, which may have a material impact on fair value.

5 SHARE CAPITAL

The authorised, issued and paid-up share capital as at 30 June 2026 is KD 38,600,877 (31 December 2025: KD 38,600,877 and 30 June 2025: KD 38,600,877) comprising of 386,008,772 (31 December 2025: 386,008,772 and 30 June 2025: 386,008,772) shares of 100 fils each.

6 TERM LOANS

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
Non-current	**9,444,425**	10,954,893	62,360,382
Current	**52,828,437**	53,351,233	3,349,668
	62,272,862	64,306,126	65,710,050

Term loans are denominated in KD and carried an annual average finance cost rate of 1.75% to 2.5 % as at 30 June 2026 (31 December 2025: range between 1.75% to 2.5% and 30 June 2025: 1.75% to 2.5%) above the CBK discount rate.

The Group complied with all financial and non financial covenants under its term loans agreements throughout the period. The term loan of KD 50,000,000 maturing on 31 December 2026 is classified as a current liability and is the subject of ongoing rescheduling discussions with the lender.

6 TERM LOANS (continued)

Term loans are secured against the pledge of the following assets:

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
Property, plant and equipment	**12,194,548**	12,351,913	12,578,963
Investment properties (Note 4)	**75,800,000**	75,800,000	75,200,000
Financial assets at FVOCI	**9,524,745**	11,816,574	11,986,197
	97,519,293	99,968,487	99,765,160

7 RELATED PARTY DISCLOSURES

These represent transactions with major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are entered into in the ordinary course of business and are approved by the Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2026 and 2025, as well as balances with related parties as at 30 June 2026, 31 December 2025 and 30 June 2025:

Consolidated statement of profit or loss	*Three months ended 30 June*		*Six months ended 30 June*	
	2026 KD	*2025 KD*	***2026 KD***	*2025 KD*
Affiliates and entities under common control				
Dividend income	**346,172**	206,055	**458,672**	206,055
Rental income	**112,706**	89,788	**225,411**	179,576
Finance costs on term loans	**2,244**	2,191	**4,435**	4,435
Hotel expenses	**50,091**	115,527	**136,204**	228,472

Consolidated statement of financial position	***30 June 2026 KD***	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
Affiliates and entities under common control			
Receivables from related parties	**-**	-	636,017
Trade receivables	**429,231**	128,800	374,963
Amounts due from related parties	**651,286**	646,663	179,576
Amounts due to related parties	**334,485**	405,719	14,579,206
Financial assets at FVOCI*	**12,189,054**	15,066,017	503,843
Term loans	**352,668**	351,233	349,668

* During the period the Group disposed of quoted equity securities to certain related parties, for cash consideration of KD 2,168,808. On disposal, the cumulative fair value reserve of KD 933,128 was transferred within equity from the fair value reserve to retained earnings, with no amount recycled to profit or loss.

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms approved by the Group's management. Outstanding balances at the reporting period are unsecured, interest free. There have been no guarantees provided or received for any related party receivables or payables. Amounts due from related parties are unsecured, interest-free and repayable on demand. Management has assessed these balances as fully recoverable, having regard to the financial standing of the counterparties. For the period ended 30 June 2026, the Group has not recorded any provision for expected credit losses relating to amounts owed by related parties (31 December 2025: KD Nil and 30 June 2025: KD Nil).

7 RELATED PARTY DISCLOSURES (continued)

Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows.

	Transaction values for three months ended 30 June		*Transaction values for six months ended 30 June*	
	2026	*2025*	***2026***	*2025*
	KD	*KD*	***KD***	*KD*
Salaries and short-term benefits	**54,000**	69,000	**78,000**	93,000
End of service benefits	**1,154**	1,154	**2,308**	2,308
Other compensations	**26,000**	30,000	**65,000**	60,000
	81,154	100,154	**145,308**	155,308

	Balance outstanding as at		
	30 June 2026	*31 December 2025*	*30 June 2025*
	KD	*KD*	*KD*
End of service benefits	**21,095**	18,786	16,479
	21,095	18,786	16,479

The Board of Directors of the Parent Company did not propose directors' remuneration for the year ended 31 December 2025 (2024: KD 75,000) This proposal was approved by the shareholders at the AGM held on 7 May 2026.

8 CONTINGENT LIABILITIES

		(Audited)	
	30 June 2026	*31 December 2025*	*30 June 2025*
	KD	*KD*	*KD*
Letters of guarantee	**111,138**	111,138	118,138

These represent of bank guarantees arising in the ordinary course of business for which no material liability is expected to arise.

9 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- **Real estate**: which represents all activities related to real estate including investment properties.
- **Hotel operations**: which represent all activities related to establishment, acquiring and managing hotels.
- **Investment**: which represents all activities related to investing in shares and share capital of the companies.
- **Other unallocated items**: Revenues and expenses that are not included under the above segments

Segment reporting information is as follows:

	As at and for the period ended 30 June 2026				
	Real estate KD	***Hotel operations KD***	***Investment KD***	***Unallocated KD***	***Total KD***
Segment income	**1,672,181**	**1,852,331**	**461,305**	**175,223**	**4,161,040**
Segment results	**(571,643)**	**161,446**	**461,305**	**(579,615)**	**(528,507)**
Segment assets	**77,678,560**	**13,044,036**	**14,948,766**	**3,332,954**	**109,004,316**
Segment liabilities	**62,272,862**	**1,369,008**	**352,668**	**1,308,651**	**65,303,189**

	As at and for the period ended 30 June 2025				
	Real estate KD	*Hotel operations KD*	*Investment KD*	*Unallocated KD*	*Total KD*
Segment income	1,678,564	2,496,824	269,439	378,011	4,822,838
Segment results	(799,631)	547,072	273,282	(756,956)	(736,233)
Segment assets	77,082,930	13,634,997	16,374,654	5,361,263	112,453,844
Segment liabilities	65,360,382	2,696,185	349,668	648,778	69,055,013

	As at 31 December 2025 (Audited)				
	Real estate KD	*Hotel operations KD*	*Investment KD*	*Unallocated KD*	*Total KD*
Segment assets	78,160,311	14,287,177	17,033,810	1,979,018	111,460,316
Segment liabilities	63,954,893	1,246,963	351,233	1,756,016	67,309,105

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets.
- Level 2: Valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

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

	Fair value measurement using			
30 June 2026	***Quoted prices in active markets (Level 1) KD***	***Significant observable inputs (Level 2) KD***	***Significant unobservable inputs (Level 3) KD***	***Total KD***
Financial instruments				
Financial assets at FVOCI:				
- Local quoted equity securities	**9,596,560**	**-**	**-**	**9,596,560**
- Foreign quoted equity securities	**2,485,809**	**-**	**-**	**2,485,809**
- Unquoted equity securities	**-**	**-**	**2,592,494**	**2,592,494**
	12,082,369	**-**	**2,592,494**	**14,674,863**
Investment securities (at fair value)	**12,082,369**	**-**	**2,592,494**	**14,674,863**

	Fair value measurement using			
31 December 2025 (Audited)	*Quoted prices in active markets (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
Financial instruments				
Financial assets at FVOCI:				
- Local quoted equity securities	11,885,841	-	-	11,885,841
- Foreign quoted equity securities	1,662,988	-	-	1,662,988
- Unquoted equity securities	-	-	3,180,176	3,180,176
Investment securities (at fair value)	13,548,829	-	3,180,176	16,729,005

10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Fair value measurement using			
30 June 2025	*Quoted prices in active markets (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
Financial instruments				
Financial assets at FVOCI:				
- Local quoted equity securities	12,059,992	-	-	12,059,992
- Foreign quoted equity securities	1,501,560	-	-	1,501,560
- Unquoted equity securities	-	-	2,519,214	2,519,214
Investment securities (at fair value)	13,561,552	-	2,519,214	16,080,766

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during 30 June 2026, 31 December 2025, and 30 June 2025, and no transfers into or out of Level 3 fair value measurements during 30 June 2026, 31 December 2025, and 30 June 2025.

Reconciliation of Level 3 fair values

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

	Unquoted equity securities			
	As at the beginning of the period KD	***Remeasurement recognised in OCI KD***	***Purchases KD***	***As at the ending of the period KD***
30 June 2026	**3,180,176**	**(587,682)**	**-**	**2,592,494**
31 December 2025 *(Audited)*	1,936,640	1,243,536	-	3,180,176
30 June 2025	1,936,640	582,574	-	2,519,214

During the period, there were no transfers between the levels of fair value hierarchy.

The valuation techniques and inputs used in this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025.

The fair value of the unquoted equity securities is determined using the adjusted net asset value method, applying a discount for lack of marketability of 25%. A change of 5% in the significant unobservable inputs would not have a material effect on other comprehensive income.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

11 IMPACT OF GEOPOLITICAL ESCALATION RISK AND RELATED UNCERTAINTY

The Group operates in an economic environment that continues to be affected by heightened geopolitical tensions in the Middle East. Recent developments have increased uncertainty in financial markets, energy prices, supply chains and economic activity, which may impact the Group's operating environment.

Management has assessed the potential implications of the current geopolitical situation on the Group's operations, financial position and future cash flows, taking into consideration the nature of its activities in real estate, hotel operations and investment activities. Key considerations include:

- Macroeconomic conditions, including inflationary pressures, interest rate movements and economic growth trends, which may influence occupancy levels, hotel performance, tenant demand and rental rates across the Group's real estate portfolio.
- Real estate and operational considerations, including potential increases in operating, maintenance and construction-related costs, supply chain disruptions and delays in maintenance or limited development activities.
- Financing and liquidity considerations, including the availability and cost of funding, refinancing risk and compliance with financing covenants.
- Tenant and counterparty credit risk, particularly for counterparties operating in sectors sensitive to changes in consumer spending and economic conditions.
- Real estate market conditions, including the impact of changes in occupancy levels, rental rates, property valuations and investor demand within the real estate sector.
- Investment market conditions, including the impact of volatility in the local equity market and changes in investor sentiment, particularly given that the Group's investment portfolio primarily comprises local quoted equities.
- Operational considerations, including changes in travel patterns and economic activity that may affect hotel operations and overall business performance.
- Foreign exchange exposure, which is limited as the Group's operations are primarily conducted in Kuwaiti Dinar.

Management continues to monitor developments and assess their potential impact on the Group's operations, financial position and cash flows. Based on the assessment performed and the information currently available, management believes that the Group remains well positioned to continue its operations and meet its obligations as they fall due.