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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2026

Shape the future with confidence

Shape the future
with confidence

ERNST & YOUNG
AL AIBAN, AL OSAIMI & PARTNERS
P.O. Box 74
Burj Alshaya, 16th & 17th Floor
Al Soor Street, Mirqab
Safat 13001, State of Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
https://www.ey.com

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

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of United 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 the interim condensed consolidated financial information based on our review.

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

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

Report on Other Legal and Regulatory Requirements
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the six-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.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning the establishment of the 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 A. AL-ABDULJADER
LICENCE NO. 207-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

10 August 2026
Kuwait

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		**166,474,475**	151,227,225	150,857,203
Investment properties	5	**513,178,834**	387,673,831	369,597,311
Investment in associates	6	**48,393,294**	49,427,723	48,343,922
Financial assets at fair value through other comprehensive income	19	**1,516,348**	1,324,726	1,212,752
Right-of-use assets		**1,878,241**	1,562,595	2,342,566
Intangible assets		**1,212,436**	1,258,327	1,320,549
		732,653,628	592,474,427	573,674,303
Current assets				
Inventory properties		**30,335,191**	31,394,140	34,284,920
Accounts receivable, prepayments and other assets	3	**48,725,641**	44,801,305	48,657,607
Cash, bank balances and deposits	4	**15,003,189**	18,931,676	32,009,287
		94,064,021	95,127,121	114,951,814
TOTAL ASSETS		**826,717,649**	687,601,548	688,626,117
LIABILITIES AND EQUITY				
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings	7	**255,296,022**	252,199,877	273,610,703
Bonds	8	**80,000,000**	80,000,000	80,000,000
Lease liabilities		**146,210,481**	14,665,467	3,493,913
Accounts payable, accruals and other payables		**6,929,338**	5,785,068	6,110,817
Deferred tax liabilities		**30,397,280**	30,065,977	25,464,091
		518,833,121	382,716,389	388,679,524
Current liabilities				
Interest bearing loans and borrowings	7	**20,595,988**	27,455,855	22,921,673
Lease liabilities		**7,449,589**	618,360	1,022,754
Accounts payable, accruals and other payables		**66,157,540**	67,159,835	64,964,471
		94,203,117	95,234,050	88,908,898
Total liabilities		**613,036,238**	477,950,439	477,588,422
Equity				
Share capital		**143,054,551**	143,054,551	143,054,551
Share premium		**15,550,698**	15,550,698	15,550,698
Statutory reserve		**22,444,977**	22,444,977	21,829,743
Voluntary reserve		**-**	2,582,767	2,582,767
Treasury shares	9	**(2,698,404)**	(7,646,942)	(15,503,985)
Treasury shares reserve		**9,425,330**	3,833,023	491,325
Other reserve		**(14,846,769)**	(14,846,769)	(14,846,769)
Asset revaluation surplus		**33,829,533**	34,456,348	36,255,807
Fair value reserve		**(3,935,448)**	(3,935,979)	(3,910,220)
Foreign currency translation reserve		**(8,597,729)**	(9,607,133)	(9,983,149)
Retained earnings		**13,011,970**	17,230,484	27,059,164
Equity attributable to equity holders of the Parent Company		**207,238,709**	203,116,025	202,579,932
Non-controlling interests		**6,442,702**	6,535,084	8,457,763
Total equity		**213,681,411**	209,651,109	211,037,695
TOTAL LIABILITIES AND EQUITY		**826,717,649**	687,601,548	688,626,117

Bibi Naser Sabah Al Ahmad Al Sabah
Chairperson

The attached notes 1 to 20 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 June 2026

		Three months ended 30 June		*Six months ended 30 June*	
		2026	*2025*	***2026***	*2025*
	Notes	***KD***	*KD*	***KD***	*KD*
REVENUE					
Gross rental income		**7,859,865**	7,565,112	**15,577,607**	15,079,072
Hospitality income		**4,230,266**	4,713,782	**8,902,899**	9,455,563
Contracting and services revenue		**11,789,085**	11,370,843	**21,560,451**	22,114,170
Other operating revenue		**1,397,191**	1,593,332	**2,514,031**	2,294,109
Sale of inventory properties		**918,927**	105,257	**918,927**	105,257
		26,195,334	25,348,326	**49,473,915**	49,048,171
COST OF REVENUE					
Properties operating costs		**(1,182,764)**	(1,348,655)	**(2,594,275)**	(3,119,363)
Rental expense on leasehold properties		**(495,100)**	(495,104)	**(990,202)**	(990,205)
Hospitality costs		**(3,746,091)**	(3,507,626)	**(7,234,211)**	(6,965,617)
Contracting and services cost		**(11,251,928)**	(11,004,637)	**(20,670,942)**	(21,356,191)
Cost of inventory properties sold		**(957,701)**	(39,605)	**(957,701)**	(39,605)
		(17,633,584)	(16,395,627)	**(32,447,331)**	(32,470,981)
GROSS PROFIT		**8,561,750**	8,952,699	**17,026,584**	16,577,190
General and administrative expenses		**(2,172,132)**	(1,891,209)	**(3,784,201)**	(4,018,735)
Selling and marketing expenses		**(23,893)**	(90,923)	**(106,235)**	(157,094)
Other net operating income (loss)	10	**89,081**	(1,076,101)	**283,293**	(221,753)
OPERATING PROFIT		**6,454,806**	5,894,466	**13,419,441**	12,179,608
Other net non-operating income	11	**44,756**	369,908	**72,480**	405,015
Share of results of associates	6	**(145,503)**	1,000,004	**(373,358)**	3,248,574
Finance costs – net	12	**(5,398,941)**	(5,456,600)	**(9,936,460)**	(10,918,729)
PROFIT BEFORE TAX		**955,118**	1,807,778	**3,182,103**	4,914,468
Tax expense	13	**(91,607)**	75,577	**(307,848)**	(496,890)
PROFIT FOR THE PERIOD		**863,511**	1,883,355	**2,874,255**	4,417,578
Attributable to:					
Equity holders of the Parent Company		**1,025,883**	2,146,625	**3,112,749**	4,426,067
Non-controlling interests		**(162,372)**	(263,270)	**(238,494)**	(8,489)
		863,511	1,883,355	**2,874,255**	4,417,578
BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (FILS)	14	**0.75**	1.65	**2.27**	3.40

The attached notes 1 to 20 form part of this 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*
PROFIT FOR THE PERIOD	**863,511**	1,883,355	**2,874,255**	4,417,578
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange difference on translation of foreign operations	**932,081**	450,131	**1,155,516**	2,135,748
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**932,081**	450,131	**1,155,516**	2,135,748
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Net changes in fair value of equity instruments designated at fair value through other comprehensive income	**6,418**	273,963	**(790)**	275,219
Share of other comprehensive income of associates	**946**	751	**1,321**	817
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**7,364**	274,714	**531**	276,036
Total other comprehensive income for the period	**939,445**	724,845	**1,156,047**	2,411,784
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,802,956**	2,608,200	**4,030,302**	6,829,362
Attributable to:				
Equity holders of the Parent Company	**1,700,503**	2,647,761	**4,122,684**	6,283,155
Non-controlling interests	**102,453**	(39,561)	**(92,382)**	546,207
	1,802,956	2,608,200	**4,030,302**	6,829,362

The attached notes 1 to 20 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2026

	Attributable to the 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***	***Asset revaluation surplus KD***	***Fair value reserve KD***	***Foreign currency translation reserve KD***	***Retained earnings KD***	***Sub-total KD***	***Non-controlling interests KD***	***Total equity KD***
As at 1 January 2026	143,054,551	15,550,698	22,444,977	2,582,767	(7,646,942)	3,833,023	(14,846,769)	34,456,348	(3,935,979)	(9,607,133)	17,230,484	203,116,025	6,535,084	209,651,109
Profit for the period	-	-	-	-	-	-	-	-	-	-	3,112,749	3,112,749	(238,494)	2,874,255
Other comprehensive income	-	-	-	-	-	-	-	-	531	1,009,404	-	1,009,935	146,112	1,156,047
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	531	1,009,404	3,112,749	4,122,684	(92,382)	4,030,302
Transfer of voluntary reserve to Retained earnings (Note 16)	-	-	-	(2,582,767)	-	-	-	-	-	-	2,582,767	-	-	-
Distribution of bonus shares out of treasury shares (Note 16)	-	-	-	-	4,948,538	5,592,307	-	-	-	-	(10,540,845)	-	-	-
Depreciation transfer on revalued property and equipment	-	-	-	-	-	-	-	(626,815)	-	-	626,815	-	-	-
At 30 June 2026	**143,054,551**	**15,550,698**	**22,444,977**	**-**	**(2,698,404)**	**9,425,330**	**(14,846,769)**	**33,829,533**	**(3,935,448)**	**(8,597,729)**	**13,011,970**	**207,238,709**	**6,442,702**	**213,681,411**
As at 1 January 2025	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
Profit for the period	-	-	-	-	-	-	-	-	-	-	4,426,067	4,426,067	(8,489)	4,417,578
Other comprehensive income	-	-	-	-	-	-	-	-	276,036	1,581,052	-	1,857,088	554,696	2,411,784
Total comprehensive income	-	-	-	-	-	-	-	-	276,036	1,581,052	4,426,067	6,283,155	546,207	6,829,362
Share of other changes in equity of an associate	-	-	-	-	-	-	(80,298)	-	-	-	-	(80,298)	-	(80,298)
Depreciation transfer on revalued property and equipment	-	-	-	-	-	-		(319,029)	-	-	319,029	-	-	-
At 30 June 2025	143,054,551	15,550,698	21,829,743	2,582,767	(15,503,985)	491,325	(14,846,769)	36,255,807	(3,910,220)	(9,983,149)	27,059,164	202,579,932	8,457,763	211,037,695

The attached notes 1 to 20 form part of this 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*
	Notes	***KD***	*KD*
OPERATING ACTIVITIES			
Profit before tax		**3,182,103**	4,914,468
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property and equipment		**2,225,321**	1,932,798
Amortisation of intangible assets		**56,103**	56,333
Provision for maintenance on leasehold properties	10	**-**	343,916
Provision of allowance for expected credit losses	10	**200,445**	-
Depreciation of right-of-use assets		**796,084**	783,056
Dividends income	11	**(6,502)**	(6,407)
Interest income	12	**(211,976)**	(303,920)
Gain on sale of plant and equipment	10	**-**	(12,476)
Loss on liquidation of subsidiaries	11	**1,342**	-
Finance costs		**10,172,955**	11,172,559
Share of results of associates	6	**373,358**	(3,248,574)
Provision for employees' end of service benefits		**877,007**	662,645
		17,666,240	16,294,398
Working capital adjustments:			
Accounts receivable, prepayments and other assets		**(4,122,287)**	177,580
Inventory properties		**554,900**	(49,757)
Accounts payable, accruals and other payables		**(805,880)**	(2,050,643)
Cash flows from operations		**13,292,973**	14,371,578
End of service benefit paid		**(139,113)**	(235,792)
National Labour Support Tax (NLST) paid		**-**	(110,425)
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS") paid		**-**	(21,081)
Net cash from operating activities		**13,153,860**	14,004,280
INVESTING ACTIVITIES			
Capital expenditure on investment properties	5	**(718,656)**	(464,472)
Purchase of property and equipment		**(2,563,131)**	(482,581)
Purchase of financial assets at fair value through other comprehensive income		**(192,412)**	-
Interest income received		**211,976**	303,920
Dividends income received from an associate	6	**696,192**	695,252
Dividend income received		**6,502**	6,407
Net movement in deposits		**127,852**	700,000
Net cash (used in) from investing activities		**(2,431,677)**	758,526
FINANCING ACTIVITIES			
Proceeds from interest-bearing loans and borrowings		**18,005,308**	15,039,145
Repayment of interest-bearing loans and borrowings		**(21,829,274)**	(5,319,316)
Payment of lease liabilities		**(895,282)**	(878,980)
Finance costs paid		**(9,863,305)**	(10,841,010)
Net cash used in financing activities		**(14,582,553)**	(2,000,161)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(3,860,370)**	12,762,645
Foreign currency translation adjustments		**223,839**	624,717
Cash and cash equivalents at 1 January		**15,638,044**	8,358,130
CASH AND CASH EQUIVALENTS AT 30 JUNE	4	**12,001,513**	21,745,492

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of United Real Estate Company ("URC") K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the period ended 30 June 2026 was authorised for issue by the Board of Directors of the Parent Company on 10 August 2026.

The shareholders of the Parent Company at the annual general assembly meeting ("AGM") held on 6 May 2026 approved the consolidated financial statements for the year ended 31 December 2025 and the distribution of bonus shares (Note 16).

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 Boursa Kuwait. The address of the Parent Company's registered office is P.O. Box 2232 Safat, 13023 - State of Kuwait.

The Group is principally engaged in the ownership, development, leasing and management of real estate across the MENA region, together with associated hospitality, contracting and project-management operations.

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

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

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*".

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern.

The results for the six-month period ended 30 June 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new amendments 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.

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.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments; and
- 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).

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

2.2 New standards, interpretations and amendments adopted by the Group

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

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Contracts Referencing Nature-dependent Electricity, which clarify the application of the "own-use" requirements, permit hedge accounting for certain such contracts and introduce related disclosures.

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

3 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER ASSETS

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
Accounts receivable	**37,687,837**	34,551,029	37,999,447
Due from customers for contract work	**809,796**	2,148,980	2,202,172
Retention receivable	**9,199,488**	9,085,992	8,510,277
Accrued rental and hospitality income	**1,259,824**	700,724	861,191
Amount due from related parties *	**2,866,607**	1,478,994	2,227,274
Other receivables	**1,649,603**	1,840,676	1,858,087
	53,473,155	49,806,395	53,658,448
Allowance for expected credit losses	**(6,865,623)**	(6,639,137)	(6,436,365)
	46,607,532	43,167,258	47,222,083
Prepayments and advances	**2,118,109**	1,634,047	1,435,524
	48,725,641	44,801,305	48,657,607

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

	Six months ended 30 June	
	2026 KD	*2025 KD*
As at 1 January	**6,639,137**	6,815,631
Write-off	**-**	(371,298)
Allowance for expected credit losses for the period (Note 10)	**200,445**	-
Foreign currency exchange difference	**26,041**	(7,968)
As at 30 June	**6,865,623**	6,436,365

3 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER ASSETS (continued)

* These balances are unsecured, carry no interest and are repayable on demand. As at 30 June 2026, related-party receivables with a gross carrying amount of KD 258,046 (31 December 2025: KD 258,046; 30 June 2025: KD 240,000) were assessed as credit-impaired and were fully provided for. After deducting this allowance for expected credit losses, the net amount due from related parties included within accounts receivable, prepayments and other assets was KD 2,608,561 (31 December 2025: KD 1,220,948; 30 June 2025: KD 1,987,274) (Note 15).

4 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
Cash at bank and in hand	**9,291,868**	11,937,888	8,815,158
Expected credit losses	**(195,698)**	(195,520)	-
Short-term deposits	**5,907,019**	7,189,308	23,194,129
Cash and short-term deposits	**15,003,189**	18,931,676	32,009,287
Add back: allowance for expected credit losses on bank balances (non-cash)	**195,698**	195,520	-
Less: deposits with original maturities exceeding three months	**(874,919)**	(1,002,772)	(7,554,018)
Less: bank overdraft (Note 7)	**(2,322,455)**	(2,486,380)	(2,709,777)
Cash and cash equivalents	**12,001,513**	15,638,044	21,745,492

Set out below is the movement in the allowance for expected credit losses:

	Six months ended 30 June	
	2026 KD	*2025 KD*
As at 1 January	**195,520**	-
Foreign currency exchange difference	**178**	-
As at 30 June	**195,698**	-

Bank balances and deposits of KD 6,557,940 as at 30 June 2026 (31 December 2025: KD 7,714,333 and 30 June 2025: KD 11,192,015) were held with related party financial institutions (Note 15).

5 INVESTMENT PROPERTIES

The movement in the carrying amount of investment properties during the period is as follows:

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
As at the beginning of the period/year	**387,673,831**	370,600,834	370,600,834
Additions*	**137,473,753**	11,290,162	-
Disposals	**-**	(127,414)	-
Capital expenditure	**718,656**	596,338	464,472
Interest expense on lease liabilities capitalised (Note 12)	**582,565**	569,738	-
Valuation gain	**-**	7,384,366	-
Transfer to property and equipment	**(14,734,313)**	-	-
Foreign exchange differences	**1,464,342**	(2,640,193)	(1,467,995)
As at the end of the period/year	**513,178,834**	387,673,831	369,597,311

* During the current period, the Group has entered into a lease arrangement with the Ministry of Finance and obtained the right to develop, operate and manage the Waterfront Project – Phase 3 (Souk Sharq) located in Sharq, Kuwait City commencing on 15 June 2026. The arrangement grants the Group a contractual right of use over the property for a 15-year period following a one-year exemption (grace) period. The Group has recognised the related right-of-use asset within investment properties, together with a corresponding lease liability, in the interim condensed consolidated statement of financial position, measured at the present value of the remaining lease payments discounted using the Group's incremental borrowing rate ("IBR") at the commencement date of the lease. The IBR applied is 4.75% per annum.

As at 30 June 2026, investment properties with carrying value of KD 257,118,390 (31 December 2025: KD 255,860,686 and 30 June 2025: KD 257,216,327) are mortgage as security for certain term loan facilities availed by subsidiaries.

The investment properties in Kuwait were valued at 31 December 2025 by two accredited independent valuers holding recognised and relevant professional qualifications and having recent experience in the location and category of the properties being valued. As required by the Capital Markets Authority (CMA), the Group has adopted the lower of the two valuations. Investment properties outside Kuwait were valued by independent professional valuers specialising in the relevant property types, also in accordance with the requirements of the CMA. The fair values of developed properties were determined using the income capitalisation method or the market comparison method, as considered appropriate having regard to the nature and use of each property, while the fair values of land held for development and investment property under construction were determined using the market comparison method or the depreciated replacement cost method, as appropriate.

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 unobservable inputs.

The Group's investment property portfolio is subject to a full external valuation on an annual basis. Management has assessed whether any events or changes in circumstances since 31 December 2025 indicate that the fair value of the portfolio may have changed materially and, having identified no such indicators, considers the carrying amounts at 30 June 2026 to remain a reasonable approximation of fair value. Accordingly, no interim revaluation has been performed.

6 INVESTMENT IN ASSOCIATES

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

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
As at the beginning of the period/year	**49,427,723**	46,018,347	46,018,347
Disposal	**-**	(1,308)	-
Share of results for the period / year	**(373,358)**	3,964,609	3,248,574
Dividends	**(696,192)**	(695,252)	(695,252)
Share of other comprehensive income	**1,321**	1,608	817
Share of other changes in equity of an associate	**-**	(80,298)	(80,298)
Foreign currency translation adjustment	**52,071**	(94,164)	(62,854)
Other movements	**(18,271)**	314,181	(85,412)
As at the end of the period/year	**48,393,294**	49,427,723	48,343,922

7 INTEREST BEARING LOANS AND BORROWINGS

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
Loans	**273,569,555**	277,169,352	293,822,599
Bank overdrafts (Note 4)	**2,322,455**	2,486,380	2,709,777
	275,892,010	279,655,732	296,532,376
Current	**20,595,988**	27,455,855	22,921,673
Non-current	**255,296,022**	252,199,877	273,610,703

The Group's interest-bearing loans and borrowings include facilities that are subject to certain financial and non-financial covenants. Management monitors compliance with these covenants on an ongoing basis. As at and during the six-month period ended 30 June 2026, the Group complied with all applicable covenants

Interest bearing loans and borrowings amounting to KD 72,744,588 (31 December 2025: KD 79,134,588 and 30 June 2025: KD 80,710,676 were due to related parties (Note 15).

8 BONDS

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 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	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	25,400,000
	80,000,000	80,000,000	80,000,000

9 TREASURY SHARES

	30 June 2026	*(Audited) 31 December 2025*	*30 June 2025*
Number of treasury shares	**22,366,913**	63,380,146	128,481,710
Percentage of issued shares	**1.563%**	4.430%	8.981%
Market value in KD	**5,927,232**	16,415,458	23,383,671
Cost in KD	**2,698,404**	7,646,942	15,503,985

During the period, and pursuant to the resolution of the AGM held on 6 May 2026 (Note 16), the Parent Company distributed 41,013,233 shares held in treasury to its shareholders as bonus shares, at a rate of 3% of the issued shares. As the distribution was satisfied out of treasury shares, it did not result in any change to the Parent Company's authorised or issued share capital, or to the number of shares in issue.

The treasury shares distributed were derecognised at their weighted-average cost of KD 4,948,538; the fair value of those shares at the distribution date of KD 10,540,845 was charged to retained earnings, and the resulting difference of KD 5,592,307 was recognised in the treasury shares reserve within equity.

10 OTHER NET OPERATING INCOME (LOSS)

	Three months ended 30 June		*Six months ended 30 June*	
	2026 KD	*2025 KD*	***2026 KD***	*2025 KD*
Provision release/(charge) for leasehold maintenance obligations	**171,959**	(85,979)	**-**	(343,916)
Expected credit loss allowance on trade and other receivables (Note 3)	**(66,692)**	-	**(200,445)**	-
Gain on disposal of property and equipment	**-**	6,473	**-**	12,476
Net foreign exchange differences	**(16,186)**	(996,595)	**483,738**	109,687
	89,081	(1,076,101)	**283,293**	(221,753)

11 OTHER NET NON-OPERATING INCOME

	Three months ended 30 June		*Six months ended 30 June*	
	2026 KD	*2025 KD*	***2026 KD***	*2025 KD*
Dividends income	**6,502**	6,407	**6,502**	6,407
Loss on liquidation of subsidiaries	**-**	-	**(1,342)**	-
Other income	**38,254**	363,501	**67,320**	398,608
	44,756	369,908	**72,480**	405,015

12 FINANCE COSTS – NET

	Three months ended 30 June		*Six months ended 30 June*	
	2026	*2025*	***2026***	*2025*
	KD	*KD*	***KD***	*KD*
Interest on bank loans	**5,604,787**	5,530,730	**10,072,060**	11,087,354
Interest expense on lease liabilities *	**48,482**	31,837	**100,895**	85,205
Income interest	**(37,313)**	(143,162)	**(211,976)**	(303,920)
Net foreign exchange differences	**(217,015)**	37,195	**(24,519)**	50,090
	5,398,941	5,456,600	**9,936,460**	10,918,729

* Total interest expense on lease liabilities for the period amounted to KD 683,460 (30 June 2025: KD 85,205). Of this amount, KD 582,565 (31 December 2025: KD 569,738; 30 June 2025: KD Nil) was directly attributable to the qualifying investment properties under construction and was therefore capitalised within investment properties in accordance with IAS 23 (Note 5), and the remaining KD 100,895 (30 June 2025: KD 85,205) was recognised in the interim condensed consolidated statement of profit or loss.

13 TAXATION

	Three months ended 30 June		*Six months ended 30 June*	
	2026	*2025*	***2026***	*2025*
	KD	*KD*	***KD***	*KD*
Contribution to KFAS	**2,278**	13,487	**15,813**	30,125
NLST	**-**	(53,731)	**-**	-
Zakat	**-**	(14,995)	**-**	-
Taxation on overseas subsidiaries				
Current tax expense	**5,499**	114,296	**9,917**	114,296
Deferred tax expense	**83,830**	(134,634)	**282,118**	352,469
	91,607	(75,577)	**307,848**	496,890

Pillar 2 Income Taxes

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) agreed to a two-pillar solution to address tax challenges arising from the digitalisation of the economy. Under Pillar 2, multinational entities whose revenue exceeds EUR 750 million are subject to a minimum effective corporate income tax of 15%.

Currently the Group's revenue does not exceed EUR 750 million but may be exposed to the global minimum tax through its Ultimate Parent Company, which is domiciled and operates in the State of Kuwait. On 31 December 2024, the State of Kuwait issued Law Number 157 of 2024 (the Law) introducing Domestic Minimum Top-up Tax (DMTT) effective from 1 January 2025, on entities that are part of Multinational Entities (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 in each jurisdiction in which the Group operates. The Law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law.

13 TAXATION (continued)

Pillar 2 Income Taxes (continued)
The Ultimate Parent Company is located in the State of the Kuwait and is the Ultimate Parent Entity (UPE) for the purpose of the DMTT law for the Group. The Ultimate Parent Company, as the Group Tax Function, is responsible for computing the Top-up Tax for each jurisdiction, leveraging its oversight and access to all entities across sub-groups and will be responsible for computation and allocation of the amounts to each sub-group for financial reporting purposes. In line with the above responsibility as UPE under the DMTT law, the Ultimate Parent Company has performed an estimated Top-Up Tax computation at Kuwait jurisdiction level, aggregating all the entities located in Kuwait.

Based on the estimated calculation, the jurisdiction is in a Globe loss position, and accordingly, no top-up tax liability is expected to arise in Kuwait for the period ended 30 June 2026. Consequently, no DMTT liability is recorded in the interim condensed consolidated financial information of the Group. The Group applies the mandatory and temporary exception from recognising and disclosing information on the associated deferred tax assets and liabilities as required by the amendments to IAS 12 'International Tax Reform Pillar Two Model Rules'.

14 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

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

	Three months ended 30 June		*Six months ended 30 June*	
	2026	*2025*	***2026***	*2025*
	KD	*KD*	***KD***	*KD*
Basic and diluted earnings per share:				
Profit for the period attributable to the equity holders of the Parent Company	**1,025,883**	2,146,625	**3,112,749**	4,426,067
	Shares	*Shares*	***Shares***	*Shares*
Number of shares outstanding:				
Weighted average number of paid-up shares	**1,430,545,513**	1,430,545,513	**1,430,545,513**	1,430,545,513
Less: Weighted average number of treasury shares	**(57,068,985)**	(128,481,710)	**(60,207,131)**	(128,481,710)
Weighted average number of outstanding shares	**1,373,476,528**	1,302,063,803	**1,370,338,382**	1,302,063,803
Basic and diluted EPS attributable to equity holders of the Parent Company (fils)	**0.75**	1.65	**2.27**	3.40

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

15 RELATED PARTY TRANSACTIONS

Related parties comprise the Ultimate Parent Company, major shareholders, the Directors and key management personnel of the Group, entities controlled, jointly controlled or significantly influenced by such parties, and the Group's associates. Transactions with related parties are entered into in the ordinary course of business and on terms approved by the Parent Company's management. Balances and transactions with related parties are as follows:

	Ultimate Parent Company	*Associates*	*Other related parties **	*30 June 2026*	*(Audited) 31 December 2025*	*30 June 2025*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*
Statement of financial position						
Cash, bank balances and deposits (Note 4)	-	-	**6,557,940**	**6,557,940**	7,714,333	11,192,015
Accounts receivable, prepayments and other assets (Note 3)	-	**382,770**	**2,225,791**	**2,608,561**	1,220,948	1,987,274
Financial assets at fair value through other comprehensive income	-	-	**735,617**	**735,617**	539,875	415,368
Accounts payable, accruals and other payables	**37,473**	-	**7,599,557**	**7,637,030**	7,971,642	8,843,759
Interest bearing loans and borrowings (Note 7)	-	-	**72,744,588**	**72,744,588**	79,134,588	80,710,676

	Ultimate Parent Company	*Associates*	*Other related parties **	*Six months ended 30 June*	
				2026	*2025*
	KD	*KD*	*KD*	***KD***	*KD*
Statement of profit or loss					
Gross rental income	**60,385**	**51,540**	**643,349**	**755,274**	739,763
Contracting and services revenue	**19,368**	**492,033**	**2,379,951**	**2,891,352**	2,725,311
Interest income	-	**-**	**123,404**	**123,404**	155,039
Other operating revenue	-	**126,812**	**-**	**126,812**	151,521
Finance costs	-	-	**(1,772,129)**	**(1,772,129)**	(2,233,076)
General and administrative expenses	-	**(4,050)**	**(193,649)**	**(197,699)**	(128,087)
Property operating costs	-	**(80,898)**	-	**(80,898)**	(80,898)

* Other related parties represent entities under common control.

15 RELATED PARTY TRANSACTIONS (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 the three months ended 30 June		*Transaction values for the six months ended 30 June*	
	2026	*2025*	***2026***	*2025*
	KD	*KD*	***KD***	*KD*
Salaries and short-term benefits	**245,202**	320,367	**402,970**	561,369
End of service benefits	**21,318**	33,516	**39,558**	66,489
	266,520	353,883	**442,528**	627,858

	Balance outstanding as at		
	30 June 2026	*31 December 2025*	*30 June 2025*
	KD	*KD*	*KD*
End of service benefits	**707,826**	464,920	638,154
	707,826	464,920	638,154

16 ANNUAL GENERAL MEETING AND DISTRIBUTIONS MADE

On 6 May 2026, the Parent Company's shareholders at the Annual General Meeting (AGM) approved the following:

- The consolidated financial statements of the Group for the year ended 31 December 2025;
- The distribution of bonus shares to the shareholders at a rate of 3% of the issued shares (three shares for every one hundred shares) by way of shares held in treasury (31 December 2024: 5%). As the distribution is satisfied out of treasury shares, it does not result in any increase in the Parent Company's share capital or in the number of issued shares (Note 9);
- The proposal made by Parent Company's Board of Directors on transfer of KD 2,582,767 from voluntary reserve to retained earnings.

17 SEGMENT INFORMATION

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment revenues, gross profit (loss) and segment results, which are the measures regularly reviewed as explained in the table below.

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

The Group has the following reportable segments:

- **Rental operations** Leasing of the Group's investment properties.
- **Hospitality operations** Hospitality services provided through Marina Hotel, Hilton Hotel, Waldorf Astoria Hotel, Bhamdoun Hotel and Salalah Garden Hotel.
- **Real estate development and property trading** Purchase and resale of properties and the development of real estate.
- **Contracting** Construction and contracting activities.
- **Real estate services** Property and facilities management services provided to third parties.

17 SEGMENT INFORMATION (continued)

The following table presents revenues and profits information regarding the Group's operating segments:

	Six months ended 30 June 2026			*Six months ended 30 June 2025*		
	Segment revenues KD	***Segment gross profit (loss) KD***	***Segment results KD***	*Segment revenues KD*	*Segment gross profit (loss) KD*	*Segment results KD*
Rental operations	**17,540,617**	**12,482,391**	**1,117,535**	16,825,039	11,421,991	647,192
Hospitality operations	**8,902,899**	**1,668,687**	**264,515**	9,455,563	2,489,946	963,539
Real estate development and property trading	**1,427,476**	**218,747**	**(805,680)**	744,558	347,055	1,592,528
Contracting	**5,571,784**	**91,974**	**(100,212)**	7,799,346	24,596	(277,414)
Real estate services	**17,817,285**	**2,626,153**	**1,720,121**	16,003,550	2,422,110	1,582,972
Adjustments and eliminations	**(1,786,146)**	**(61,368)**	**(60,225)**	(1,779,885)	(128,508)	(105,869)
Segment revenues and results	**49,473,915**	**17,026,584**	**2,136,054**	49,048,171	16,577,190	4,402,948
Other income *			**739,543**			14,630
Loss on liquidation of subsidiaries			**(1,342)**			-
Profit for the period			**2,874,255**			4,417,578

⋆ These costs are not allocated to segments, as these types of activities are driven by the central corporate function, which is managed at the Group level.

17 SEGMENT INFORMATION (continued)

Disaggregated revenue information
The following presents the disaggregation of the Group's revenue:

	Services performed for the six months ended 30 June 2026			*Services performed for the six months ended 30 June 2025*		
	Over time KD	***At point in time KD***	***Total KD***	*Over time KD*	*At point in time KD*	*Total KD*
Rental operations	**15,620,704**	**1,919,913**	**17,540,617**	15,122,168	1,702,871	16,825,039
Hospitality operations	**-**	**8,902,899**	**8,902,899**	-	9,455,563	9,455,563
Real estate development and property trading	**508,549**	**918,927**	**1,427,476**	639,301	105,257	744,558
Contracting	**5,571,784**	**-**	**5,571,784**	7,799,346	-	7,799,346
Real estate services	**17,817,285**	**-**	**17,817,285**	16,003,550	-	16,003,550
Adjustments and eliminations	**(1,786,146)**	**-**	**(1,786,146)**	(1,779,885)	-	(1,779,885)
Total revenue from contracts with customers	**37,732,176**	**11,741,739**	**49,473,915**	37,784,480	11,263,691	49,048,171

17 SEGMENT INFORMATION (continued)

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
ASSETS			
Rental operations	**464,419,720**	322,173,907	345,868,684
Hospitality operations	**132,920,987**	134,260,227	133,373,639
Real estate development and trading	**209,258,879**	209,088,211	191,095,249
Contracting	**26,651,564**	27,806,650	27,799,585
Real estate services	**25,691,550**	27,127,541	24,434,624
Unallocated	**1,417,675**	906,963	1,129,356
Adjustments and eliminations	**(33,642,726)**	(33,761,951)	(35,075,020)
Total assets	**826,717,649**	687,601,548	688,626,117
LIABILITIES			
Rental operations	**575,807,060**	431,312,616	448,432,494
Hospitality operations	**43,428,407**	40,542,594	39,318,207
Real estate development and trading	**80,851,806**	84,988,407	71,215,322
Contracting	**19,340,893**	20,742,759	20,148,362
Real estate services	**19,437,951**	20,510,749	20,354,227
Unallocated	**(3,166,579)**	(3,882,301)	(3,944,557)
Adjustments and eliminations	**(122,663,300)**	(116,264,385)	(117,935,633)
Total liabilities	**613,036,238**	477,950,439	477,588,422

18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

18.1 Commitments

The Group has agreed capital commitments with third parties and is consequently committed to future capital expenditure amounting to KD 31,879,916 (31 December 2025: KD 33,023 and 30 June 2025: KD 396,381).

18.2 Legal contingencies

Claims relating to the sale of shares in Manazel United for Real Estate Investment Company S.A.E.

On 16 April 2014, the Group entered into an agreement with the Aga family (the "Buyer") for the sale of certain shares in its subsidiary, Manazel United for Real Estate Investment Company S.A.E. ("Manazel"). The Buyer did not settle the agreed purchase consideration in accordance with the terms of the sale agreement.

During the period from 2016 to 2018, the Buyer obtained final judgments confirming the validity and enforceability of the contracts relating to the sale of approximately 45% of the shares in Manazel. The Group, through its subsidiary, challenged those judgments before the Court of Cassation by way of requests for reconsideration. These matters remained pending as at the reporting date and up to the date of authorisation of this interim condensed consolidated financial information.

Following a complaint filed by the Group, the judgments previously issued in favour of the Aga family were suspended by the Financial Supervisory Authority and the Public Funds Prosecution. On 18 July 2020, the Criminal Court issued a final judgment in favour of the Group in criminal case No. 2915/2020. This judgment was upheld by the Egyptian Court of Cassation on 11 August 2022. In its judgment, the court found that the Buyer had obtained the earlier judgments on the basis of forged documents, including the sale contract and related share transfer orders.

Notwithstanding the status of the ongoing legal proceedings, management has recorded a provisional loss of KD 743,803 as at 30 June 2026 in respect of the potential loss of equity interest in Manazel (31 December 2025: KD 761,589 and 30 June 2025: KD 736,510). Based on the current status of the proceedings and the advice of the Group's legal counsel, management believes that no further adjustment to the carrying amounts of the related assets or liabilities is required in this interim condensed consolidated financial information, and that the matter is not expected to have a material adverse effect on the Group's financial position or results of operations.

18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (continued)

18.2 Legal contingencies (continued)

Legal proceedings relating to BOT leasehold properties
The Group has certain fully depreciated assets with a carrying amount of KD Nil as at 30 June 2026 (31 December 2025: KD Nil and 30 June 2025: KD Nil), relating to Built-Operate-Transfer ("BOT") projects for the construction and operation of certain properties (the "Properties"). The Properties were developed on leasehold land granted by the Ministry of Finance ("MOF") for an initial term of 25 years, which was subsequently extended for an additional period of 10 years.

Upon expiry of the extended lease term, the MOF declined to further renew the lease arrangements and initiated legal proceedings against the Group seeking vacant possession of the Properties and the recovery of additional rental amounts. The Group has filed counterclaims seeking renewal of the leases and, based on the advice of its legal counsel, management considers that the Group has an enforceable right to renewal on the original contractual terms.

Pending final determination of the legal proceedings, which remain before the Court of Cassation, the Group continues to operate the Properties. Based on the advice of legal counsel, management considers that the Group remains entitled to the economic benefits generated from the Properties until a final judgment is issued and repossession, if any, is legally effected.

Accordingly, revenue generated from the Properties and the related operating costs recognised in the interim condensed consolidated statement of profit or loss for the six-month period ended 30 June 2026 amounted to KD 1,654,116 and KD 1,179,034, respectively (31 December 2025: KD 3,338,418 and KD 3,401,170, respectively; and 30 June 2025: KD 1,605,710 and KD 1,196,807, respectively).

Based on the current status of the proceedings and the advice of the Group's legal counsel, management believes that no additional adjustment to the carrying amounts of the related assets or liabilities is required in this interim condensed consolidated financial information.

18.3 Other contingent liabilities
As at 30 June 2026, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business amounting to KD 87,715,214 (31 December 2025: KD 64,010,375 and 30 June 2025: KD 61,938,224).

Based on management's assessment and the status of the related matters, no material liabilities are expected to arise from these contingent liabilities.

18.4 Contingent assets
As at 30 June 2026, the Group had contingent assets in respect of bank guarantees, other guarantees and other matters arising in the ordinary course of business amounting to KD 5,237,826 (31 December 2025: KD 5,441,866 and 30 June 2025: KD 6,159,938).

19 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.

19 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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.

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

- 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; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

As at 30 June 2026	*Quoted prices in active markets (Level 1) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
Financial assets at FVOCI			
▪ Quoted equity shares	**184,548**	**-**	**184,548**
▪ Unquoted equity shares	**-**	**1,331,800**	**1,331,800**
	184,548	**1,331,800**	**1,516,348**
As at 31 December 2025			
Financial assets at FVOCI			
▪ Quoted equity shares	188,668	-	188,668
▪ Unquoted equity shares	-	1,136,058	1,136,058
	188,668	1,136,058	1,324,726
As at 30 June 2025			
Financial assets at FVOCI			
▪ Quoted equity shares	199,033	-	199,033
▪ Unquoted equity shares	-	1,013,719	1,013,719
	199,033	1,013,719	1,212,752

During the period, there were no transfers between the hierarchies.

The fair value of unquoted equity shares is determined using the adjusted net assets method, under which the fair value is derived from the most recent available financial information of each investee, with the investee's underlying assets (principally investment properties) adjusted to their fair values. The significant unobservable input is the fair value of the underlying real-estate assets held by the investees; a significant increase or decrease in that input would result in a correspondingly higher or lower fair value of the unquoted equity shares.

19 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Management has performed a sensitivity analysis on the significant unobservable inputs. A reasonably possible change of 5% in the fair value of the investees' underlying net assets would change the fair value of the Level 3 unquoted equity shares, and the related fair value reserve within other comprehensive income, by approximately KD 66,590 (31 December 2025: KD 56,803; 30 June 2025: KD 50,686). The effect is not considered material to the interim condensed consolidated financial information.

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

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
As at 1 January	**1,136,058**	756,350	756,350
Remeasurement recognised in other comprehensive income	**3,332**	240,395	257,369
Purchases, sales and transfers (net)	**192,410**	139,313	-
As at 30 June	**1,331,800**	1,136,058	1,013,719

20 IMPACT OF GEOPOLITICAL ESCALATION RISK AND RELATED UNCERTAINTY

The Group operates in a global and regional economic environment that continues to be affected by heightened geopolitical tensions in the Middle East. Recent developments in the region have increased uncertainty in financial markets, energy supply and costs, regional security conditions, and global trade routes. The wider regional impact of these events may affect economic conditions relevant to the various sectors. Management has assessed the potential impacts of the geopolitical situation on the Group's operations and financial position, taking into consideration:

- Macroeconomic conditions, including inflationary pressures, interest rate volatility, and economic growth trends that may influence tenant demand, occupancy levels, and rental rates.
- Construction and development activity, particularly potential increases in costs of materials and services, supply chain disruptions, and project timelines.
- Financing and liquidity, including the availability and cost of debt financing, refinancing risk, and compliance with financial covenants.
- Tenant credit risk, particularly in sectors or geographies that may be indirectly affected by disruptions in trade, energy markets, or regional economic activity.
- Supply chain disruption, including delays in shipping, rerouting of cargo, congestion at ports, and increased freight and insurance costs.
- Availability of goods, including extended lead times from suppliers and changes in sourcing strategies.
- Foreign exchange risk, arising from increased currency volatility in markets linked to the region.

As at the reporting date, the Group has not experienced any material disruption to its core operations. Accordingly, management has not identified any material adverse impacts on the overall valuation of the property or investment portfolio's that require specific adjustment beyond those reflected in observable market prices and valuation inputs.

In assessing the carrying values of investment properties and other non-financial assets, management has not identified any indicators of impairment requiring recognition at the reporting date. However, future adverse developments in the geopolitical environment may result in changes to key valuation assumptions.

The Group maintains liquidity buffers and capital resources that management considers sufficient to meet its commitments and operating expenses as they fall due. The Group has assessed the potential impact of adverse market movements on its ability to realise investments or access funding, including under stressed market scenarios. No breaches of liquidity thresholds, investment restrictions, or capital management policies were identified as at the reporting date.

20 IMPACT OF GEOPOLITICAL ESCALATION RISK AND RELATED UNCERTAINTY (continued)

Management has also considered the impact of these events on the Group's ability to continue as a going concern and concluded that the going concern basis remains appropriate. The geopolitical situation remains dynamic, and the extent and duration of potential impacts on global financial markets are uncertain. Management continues to monitor developments closely and will reflect any material impacts in future valuations, risk disclosures, and financial reporting as appropriate.