ANNUAL REPORT **2024**

mabanee مباني

2024

MABANEE COMPANY K.P.S.C

P.O. Box 5132 Safat l 13052 Kuwait

+965 222.444.61

www.mabanee.com

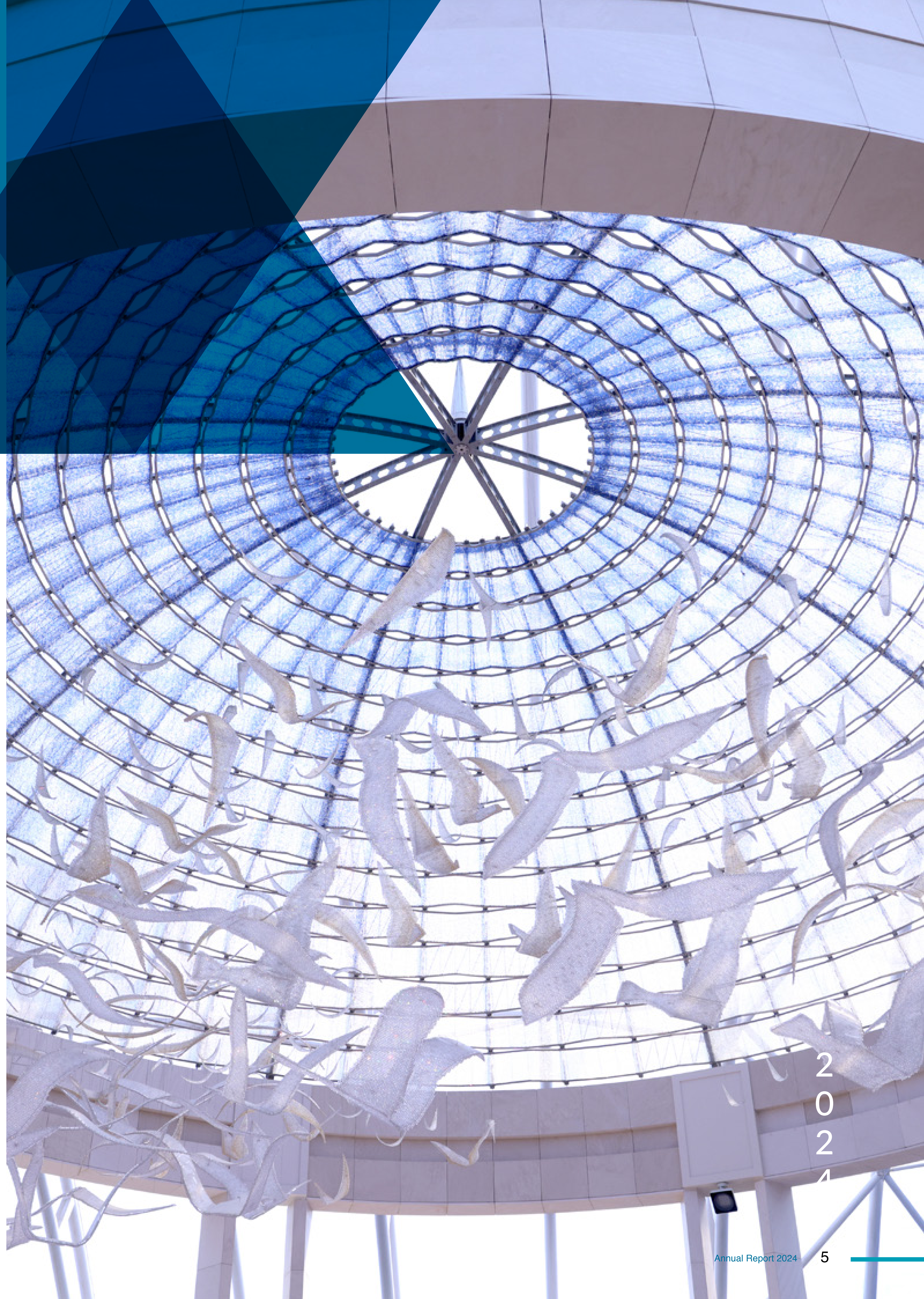
H.H SHEIKH MISHAL AL-AHMED AL-JABER AL-SABAH

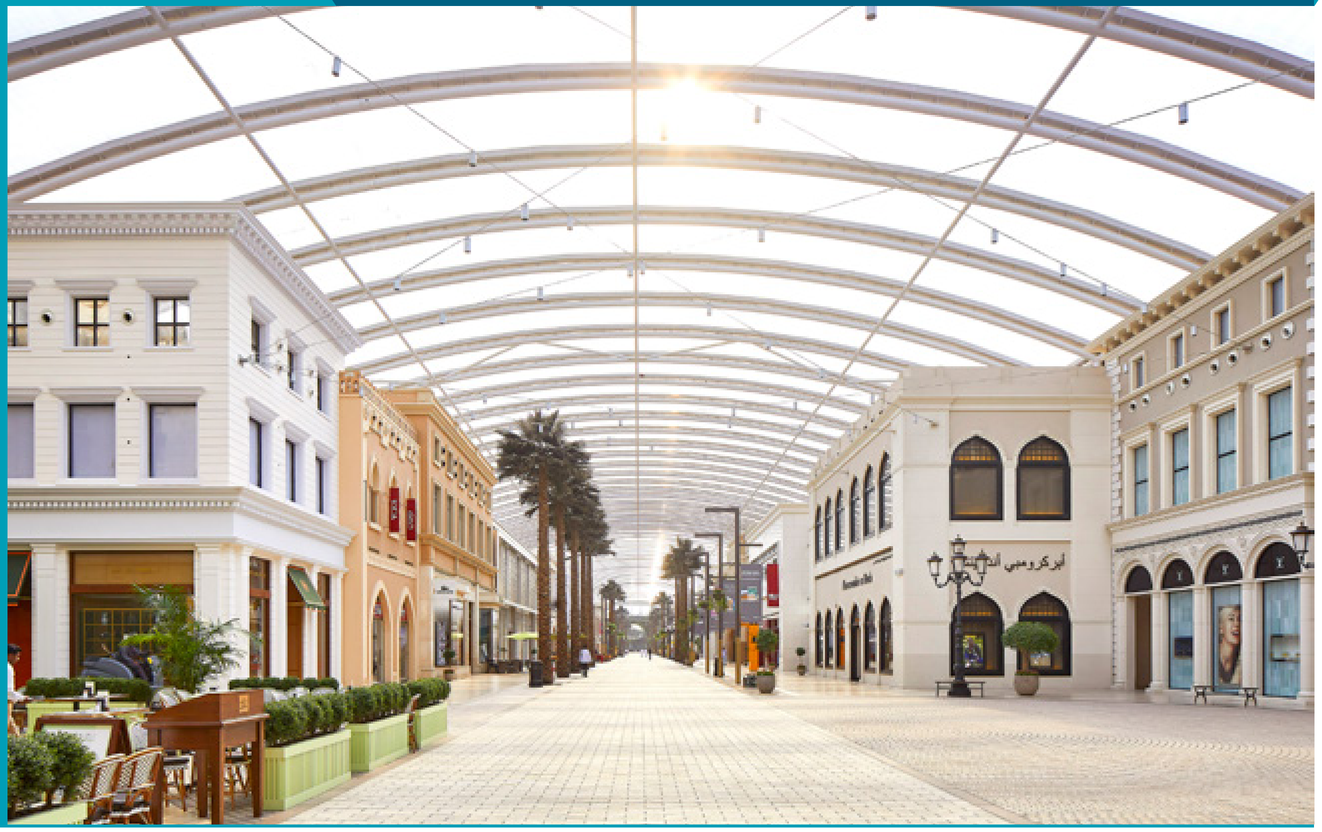
AMIR OF THE STATE OF KUWAIT

H.H SHEIKH SABAH AL-KHALID AL-SABAH

CROWN PRINCE OF THE STATE OF KUWAIT

TABLE OF CONTENTS





BOARD OF **DIRECTORS**

MOHAMMAD A H ALSHAYA	CHAIRMAN
MOHAMMAD ABDULLATEEF ALSHAYA	VICE CHAIRMAN
ABDULLAH ABDULLATEEF ALSHAYA	BOARD MEMBER
AYMAN ABDULLATEEF ALSHAYA	BOARD MEMBER
AZZAM ABDULAZIZ ALFULAIJ	BOARD MEMBER
FAROUQ ALI BASTAKI	BOARD MEMBER
MOHAMMAD RASHED ALMUTAIRI	BOARD MEMBER

CHAIRMAN'S **STATEMENT**

Dear Esteemed Shareholders,

On behalf of my fellow members of the Board of Directors, I would like to extend my sincerest gratitude for your trust and continued support, and I am pleased to share the Annual Report for the financial year ending on December 31st, 2024, which includes the company's performance, financial results, and major developments for the year.

During 2024, Mabanee achieved excellent performance, as reflected in our financial results, and highlighted by the milestones of our various projects extending across in the region. Mabanee delivered positive financial and operational results, whereas the net profit in 2024 increased to KD 65.2 million.

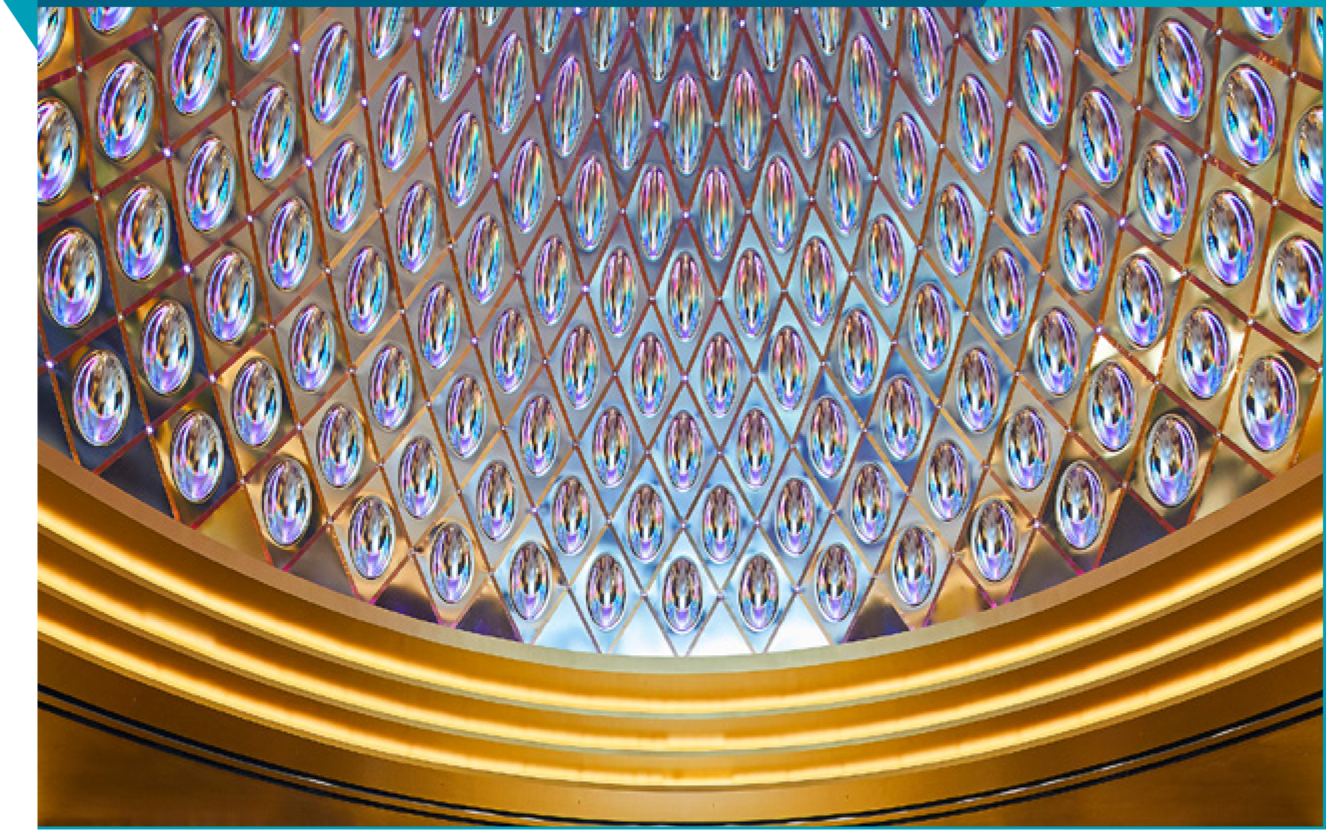
On the strategic level, occupancy levels increased in our current projects in Kuwait and the Kingdom of Bahrain, further reflecting the company vision to achieve sustainable growth and its strategy of diversifying investments and targeting new sectors. Moreover, we seek to continue our journey to expand our brand through our investments and strategic partners in each geographical location in which we operate.

The Board of Directors and Management are committed to Mabanee's ESG journey and milestones in the field of environment, sustainability and corporate governance. This falls in line with the company's sustainability strategy and vision and is evident in the company's current developments and projects in the pipeline.

On the operational front, occupancy rate of 'The Avenues – Kuwait' reached 98%, where The Avenues remains one of the largest and most successful shopping, leisure and entertainment destinations. Additionally, the occupancy rate of 'The Avenues – Bahrain' reached 97% as well. The second phase of The Avenues – Bahrain will provide an additional 42,000 square meters of gross leasable area, further adding new exciting components and a unique and distinctive experience for visitors.

During the year 2024, Mabanee signed an operating contract for 'Plage 13' (formerly Hilton Mangaf Hotel & Resort) with the Touristic Enterprises Company. The development enjoys an exceptional strategic location overlooking the sea in Kuwait. Upon receiving the land, there will be a period of 16 months to complete the renovation works, followed by an investment period of 17 years.

Moving on to 'Aventura', our project in Jaber Al-Ahmad City that represents the company's first Public-Private Partnership (PPP) project and followed by 'Souk Sabah' situated in the south of Kuwait under partnership with the Public Authority for Housing Welfare. In line with the company's commitment to sustainability, Aventura obtained preliminary approval for LEED Gold certification from the US Green Building Council. The retail component of the project, Aventura Mall' is currently underway, while the residential component 'Aventura Residences' is expected to be completed by mid-2025.



In the Kingdom of Saudi Arabia, we progressed with our construction work which reached 65% of 'The Avenues – Riyadh' project, valued at over SAR 16 billion (approximately USD 4.3 billion). Additionally, the contractors have been appointed to develop the towers component of the project, which will begin in April of 2025. 'The Avenues – Khobar', which began construction work last year, is at 16% construction completion and progressing according to plan.

Finally, I would like to extend my sincere gratitude and appreciation to the Executive Management for their dedication and valuable contributions and efforts.

We wish further progress and prosperity for the State of Kuwait under our wise leadership.

MOHAMMAD ABDULAZIZ ALSHAYA
Chairman, Board of Directors

VALUES

INSIGHTFUL

Our decision-making combines local knowledge of our customers and our markets with world-class design approaches.

TRUSTED EMPLOYER

We are committed to excellence, reward outstanding performance, and provide our employees with the learning and development they need to excel and become world-class operators.

CUSTOMER & COMMUNITY-FOCUSED

At every step, we place the needs of our partners, shareholders, and customers first. We prioritize the needs of the communities we serve and the environments in which they live.

BOLD

We are innovative and flexible, continuously stretching ourselves to deliver complex and challenging projects with a high level of quality and best-in-class value.

RESPONSIBLE BUSINESS

We work as one team with integrity and humility, applying good governance to everything we do to earn the trust and respect of our stakeholders.

VISION

To be a leading developer and partner in innovative real estate projects, creating value for our stakeholders and the communities we serve.

MISSION

As a trusted real estate investor, developer, and project manager, we collaborate with partners to create world-class real estate projects that excite customers and are innovative and recognized for their design, quality, and return on investment.

STRATEGIC **REVIEW**

Mabanee's strategy focuses on expanding and diversifying its activities and investments, while continuing to grow The Avenues brand in new regions. The company aims to explore other asset classes through strategic investment opportunities, alliances, and partnerships. Moreover, it is committed to developing modern projects that meet market demands and seizing investment opportunities that are the most profitable and financially viable for the company.

OPERATIONAL **HIGHLIGHTS 2024**

- Mabanee recorded a net profit of 65.2 million Kuwaiti Dinars, reflecting a positive growth in the company's financial performance.
- The company received a "B" rating in the MSCI ESG index for environmental, social, and governance criteria.
- The company continued to achieve a high occupancy rate in its projects, with The Avenues-Kuwait at 98% and The Avenues – Bahrain at 97%.
- A contract was signed with the Touristic Enterprises Company to renovate and operate the Hilton Kuwait Resort Mangaf (Plage 13) for a period of 17 years from operational start date.
- Mabanee participated in the Kuwait Job Fair Watheefti as part of its strategy to attract young and talented individuals to its workforce.
- Shomoul, a subsidiary of Mabanee, proudly participated as the diamond sponsor at the Middle East and North Africa Retail Conference 2024 held in Riyadh, showcasing The Avenues projects in Saudi Arabia.
- A series of events celebrating the 26th Arabian Gulf Cup were hosted at The Avenues – Kuwait, drawing a large audience and adding to the nation's festivities.
- Mabanee launched its seventh sustainability report electronically only, as part of its journey towards leadership in sustainability and environmental preservation.
- The Avenues App continued to improve, incorporating new features to enhance visitors' convenience and speed.
- The Avenues' Instagram account achieved a notable milestone, reaching 715,000 followers, an increase of 15,000 compared to 2023.
- Mabanee continued its responsibilities in the field of sustainability and social responsibility by hosting programs covering various national, health, humanitarian, cultural, awareness, and environmental fields.

INSTITUTIONAL **STRENGTH**

Mabanee has continuously aimed since its establishment to create a sustainable commercial brand with visible value, where it consistently strives towards leadership in the field of investment, management, and development of real estate projects in cooperation with its partners within new and innovative projects that create real value for its shareholders and the community, as these projects are characterized by international characteristics and specifications in terms of creativity, quality, and excellence in designs, while ensuring rewarding returns on investment.

Mabanee operates in three main business lines: developing mixed-use projects, managing and operating malls, and designing and managing projects. Mabanee has been listed in the real estate sector on the Boursa Kuwait since 1999, and its currently classified within the Premier market index, which includes the companies which are the largest in terms of market value. By the end of December, Mabanee's market value reached 1.063 billion Kuwaiti Dinars, equivalent to 3.45 billion US Dollars. The company also joined important international indices, namely MSCI EM and FTSE EM.

Mabanee's head office is located in Kuwait, and has branches in three different countries:

- Kuwait
- The Kingdom of Saudi Arabia
- The Kingdom of Bahrain

Mabanee has three strategic partnerships, namely Shomoul Company in Saudi Arabia which is a partnership between Mabanee, Al-Fouzan Group, Alshaya, and Surouh in Bahrain, which is a partnership between Mabanee, investors in Bahrain's real estate sector, and Alshaya.

AWARDS & ACCOLADES OF 2024

- **Health Promoting Mall:** The Avenues - Kuwait obtained the diamond accreditation and the highest percentage at the level of commercial complexes within the Health Promoting Mall Initiative from the Healthy Cities Office - Ministry of Health in the State of Kuwait.

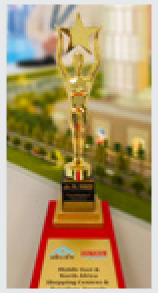
- **Medals of Excellence:** The Avenues - Kuwait won 3 medals for its excellence in waste management, security, safety and emergency procedures, and community services within the Health Promoting Mall Initiative.

- **LEED Precertification:** The Aventura Mall project obtained the LEED precertification gold category certification from the US Green Building Council.

- **Waldorf Astoria Awards:**
- Green Key Sustainability Certification: in honor of the hotel's efforts to promote sustainability.
- Forbes Travel Guide: Five Star Hotel – Waldorf Astoria Kuwait.
- Forbes Travel Guide: Five Star Spa Waldorf Astoria Spa.
- World Spa Awards: Kuwait's Best Hotel Spa 2024 in the Region
- Luxuri Awards: Luxury Hotel of the Year - Kuwait.
- ISO 14001:2015 Certification: Environmental Management System

- **Arabian Property Awards:** The second phase of The Avenues - Bahrain won the Arabian Property Awards in the categories of Best Leisure Architecture Sector and Best Retail Development Sector.

- **Shopping Centers & Retailers Awards:** Shomoul obtained the Middle East & North Africa Shopping Centres Awards & Retailers Award from Retail Congress MENA.



THE AVENUES **- KUWAIT**

Developed and managed by Mabanee, The Avenues is the largest and most-visited retail, entertainment, and lifestyle development in Kuwait and the region. Spanning across a built-up area of 1,300,000 square meters it comprises a unique concept design of 12 districts, each with their own theme and style, The Avenues is an iconic architectural destination.

His Highness the late Emir of Kuwait, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, officially inaugurated The Avenues in 2007 with the 1st Avenue. As the legacy continued, 2nd Avenue then opened in 2008, followed by the other districts, namely, Prestige, Grand Avenue, SoKu, The Mall, and The Souk, all of which officially launched in 2012. As for the new expansion in 2018, The Avenues then added five more districts, The Arcades, Grand Plaza, Electra, The Forum and The Gardens.

stores and high-end brands to exquisite cuisines and unique entertainment experiences.

The Avenues covers a gross land area of 393,000 square meters with over 1,100 stores and a spacious multi-level parking lot with a capacity for 13,000 cars. Additionally, The Avenues is adjacent to two hotels, four-star Hilton Garden Inn which opened its doors in 2019, and five-star Waldorf Astoria which opened its doors in August 2022.

HILTON GARDEN INN - **KUWAIT**

Hilton Garden Inn Kuwait is now the brand's largest hotel in the EMEA region; it is also directly connected to The Avenues-Kuwait through the Forum district, featuring 385 guestrooms including family rooms and suites.

The hotel additionally offers a wide array of services and facilities including the Together & Co restaurant, The Shop, The Juice Bar, outdoor Swimming pools, and Jacuzzi for guests to enjoy, as well as a meeting space accommodating up to 240 people.

WALDORF ASTORIA **- KUWAIT**

The property is considered one of the world's most luxurious hotels, Waldorf Astoria– Kuwait opened its door at The Avenues in August 2022.

The Waldorf Astoria Collection is a brand of luxury hotels and resorts affiliated with Hilton Worldwide, and it has been classified as a leading brand within the Hilton Group, as it is used in hotels that provide the highest standards of facilities and services.

The five-star opulent hotel is directly connected to Prestige District at The Avenues with 9 floors featuring 200 suites and deluxe rooms, an unmatched selection of fine dining restaurants such as Roka, AVA, The Library and Peacock Alley lounges, beautiful meeting and event spaces – including the spectacular Grand Ballroom that can accommodate up to 720 guests, 5 fully-equipped meeting rooms, an outdoor pool, a state-of-the-art spa, fitness center, and the Waldorf Astoria Kids Club, making the hotel an ideal destination for families.

AVENTURA
- **KUWAIT**

The Aventura project in Jaber Al-Ahmad embodies a future vision for development projects in Kuwait, as it is considered one of the sustainable community projects currently under construction within the partnership between the private and public sectors. Mabanee, along with an alliance that includes the National Industries Group and the Privatization Holding Company, is developing the project located within the development of Jaber Al-Ahmad City, where the consortium was selected as the "winning investor" led by Mabanee.

The project's design vision stems from creating a new destination with a contemporary identity, and an opportunity to enjoy living in a modern, vibrant city, in which the most prominent elements of the inspiring urban environment are harmonized, including residential elements and many facilities and services such as gardens as well as commercial elements.

As for Aventura Residences, which extends over a built-up area of 65,510 square meters with a total rental area of 50,000 sqm, the project includes 21 buildings for rent, residential facilities of 276 units, 204 apartments varying between one, two, and three rooms, 72 townhouses distributed into 4 sections, where each section comprises 18 townhouses, in addition to a residential park designed in a modern community style to match a new lifestyle.

Aventura Residences is distinguished by its proximity to the commercial component Aventura Mall, which extends over a built-up area of 295,000 square meters, and a total leasable area of 108,200 square meters.

As for Aventura Mall has been designed with international standards to be a contemporary symbol of Jaber Al-Ahmad City, in order to attract visitors from all over Kuwait, as it will incorporate many stores and international brands such as retail stores, restaurants, and various cafes to add a distinct shopping and entertainment experience.

Aventura Mall has successfully met the requirements and standards of the LEED v4 rating system for the design and construction of sustainable developments. The project has received an initial precertification of the Gold category from the US Green Building Council (USGBC), focusing on energy efficiency, landscaping, water use, and other sustainability measures. This distinction designates Aventura Mall as a sustainable green building and awards it the LEED Gold certificate.

This aligns with Aventura Mall's commitment to its sustainability plan, striving to adhere to the standards of environmental, social, and governance practices, and achieving leadership in energy and environmental design through the construction of sustainable projects.

The entire project is expected to be completed in the second quarter of 2026.

SOUK SABAH
- KUWAIT

Souk Sabah is considered one of the retail centers located within the Sabah Al-Ahmad project. Valued at approximately 25 million Kuwaiti dinars, it is situated in the southern part of Kuwait City and designed to serve as a comprehensive and self-sustaining community, spanning a plot area of 32,451 square meters.

The mixed-use project will feature a rental area of 23,200 square meters and will include a traditional market, a 3-star hotel, shops, restaurants and cafes, cinema halls, a supermarket, and family entertainment areas. Additionally, it will provide a 6-story parking lot that can accommodate 523 vehicles, along with 15 rooftop parking spaces for VIPs, green spaces, and parks.

As for the traditional market included in the project, it will be named Souk Sabah to reflect the essence of the Kuwaiti market. The architecture will draw inspiration from traditional Kuwaiti heritage, creating distinct areas each with a unique identity, fostering a sense of belonging and historical connection.

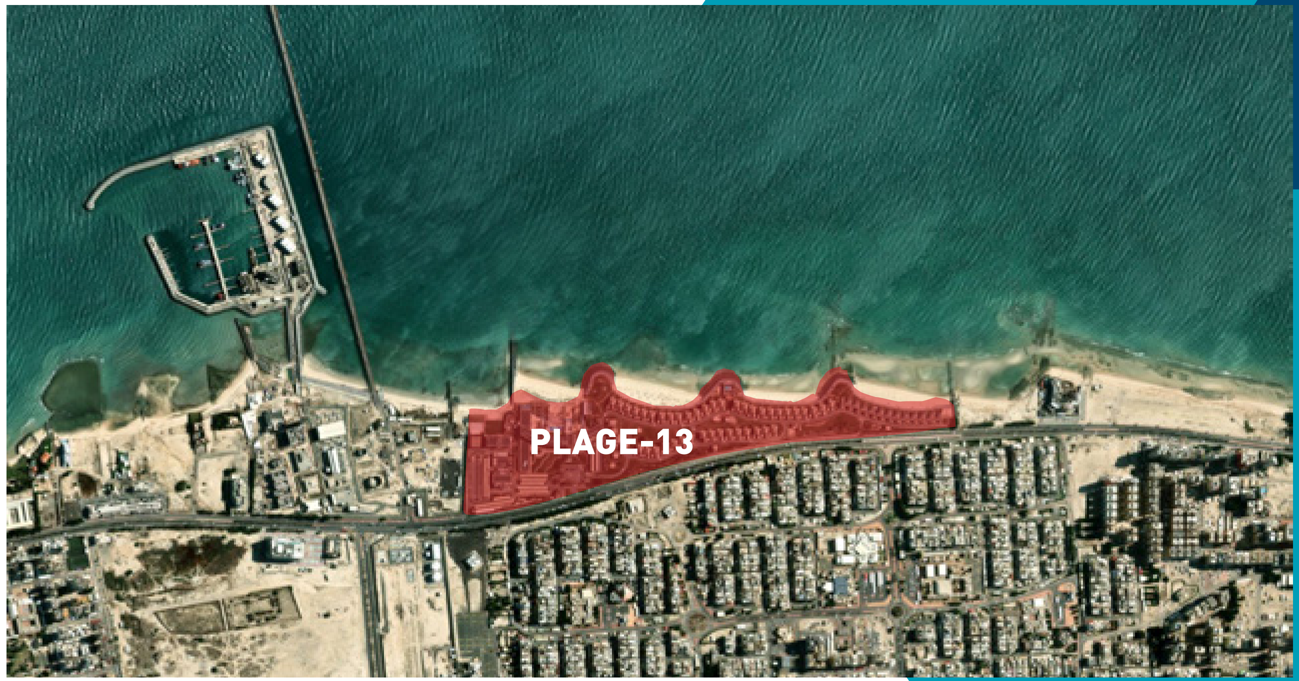
Additionally, the project will feature a 3-star hotel affiliated with the Hilton Worldwide brand, called the Hampton Inn, which will offer 110 rooms and include a two-story parking facility accommodating up to 56 vehicles.

Efforts are currently underway to secure the LEED Gold certification for the Souk Sabah project, with a focus on energy efficiency, landscaping, water usage, and other sustainability measures. Close collaboration is being maintained with LEED consultants, project designers, and contractors to ensure the implementation of all required measures and the comprehensive application of environmental and social sustainability standards. These efforts are in conjunction with the Facilities Management Department's goal of obtaining operational LEED certification.

PLAGE - 13

(FORMERLY KNOWN AS HILTON KUWAIT RESORT MANGAF)

- KUWAIT

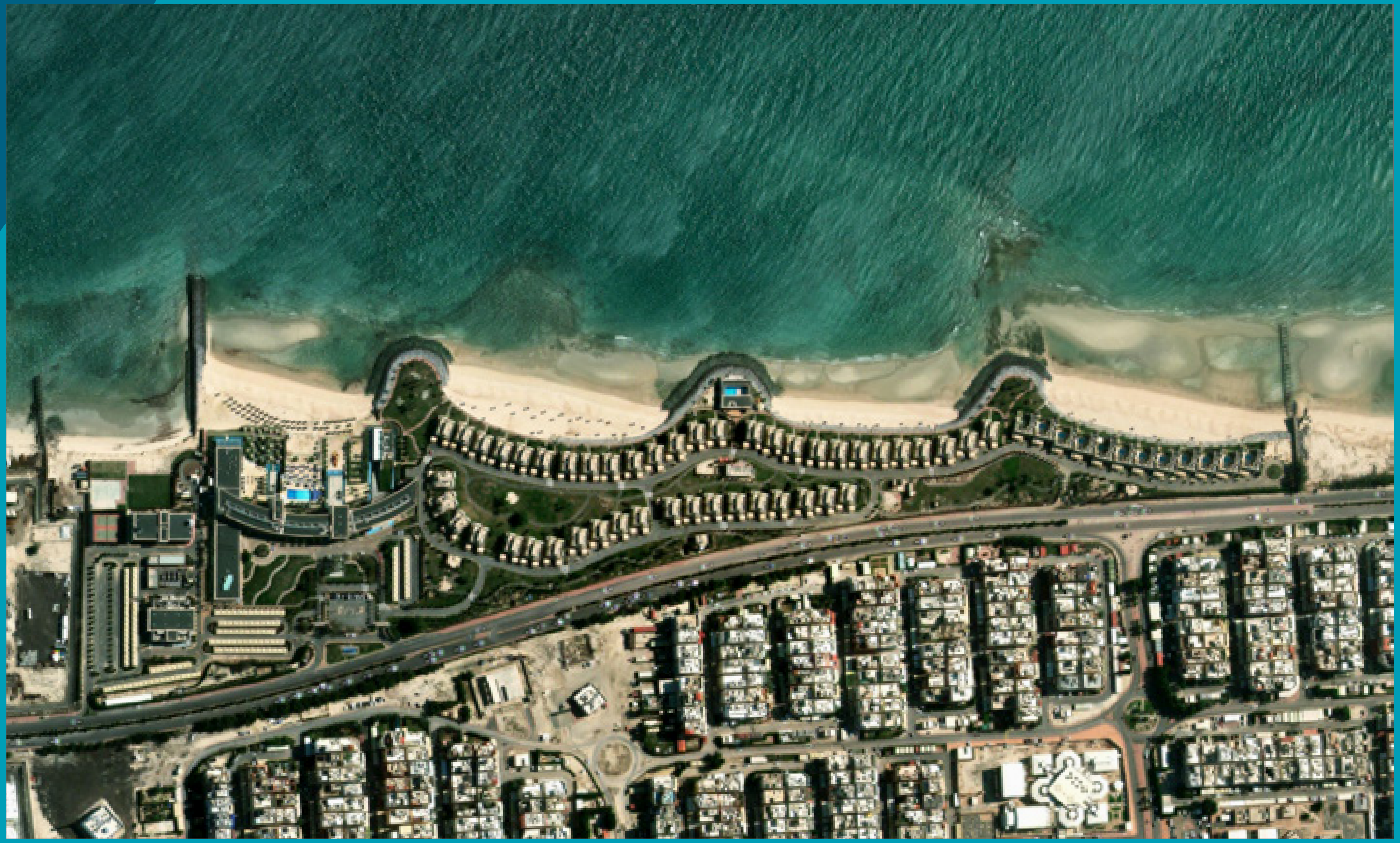


The Plage-13 project, formerly known as Hilton Kuwait Resort Mangaf, boasts an exceptional location and is one of Kuwait's premier sea-view resorts. The project's land area spans 242,436 square meters.

The project will feature a 16-month renovation period once the site is handed over by the Touristic Enterprises Company (TEC), followed by a 17-year investment period.

An agreement has been signed with Hilton International to manage the Hilton Kuwait Resort (Plage-13) for a duration of 17 years.

Mabanee and Hilton Group are currently collaborating on developing the design for the renovation and upgrade of the resort. The project will extend over 1.3 kilometers along the seacoast and will provide around 330 modern guest rooms, including chalets, villas, and studio apartments. The resort will also feature world-class restaurants, a luxurious spa, a state-of-the-art fitness center, as well as indoor and outdoor swimming pools.



THE AVENUES
- BAHRAIN

The Avenues - Bahrain, inaugurated in 2017, enjoys a prime location in the heart of Manama, the capital city. The development boasts a unique architectural style and design inspired by The Avenues - Kuwait, making it one of the most visited retail destinations in Bahrain for citizens, residents, tourists, and business professionals from the Gulf region and beyond.

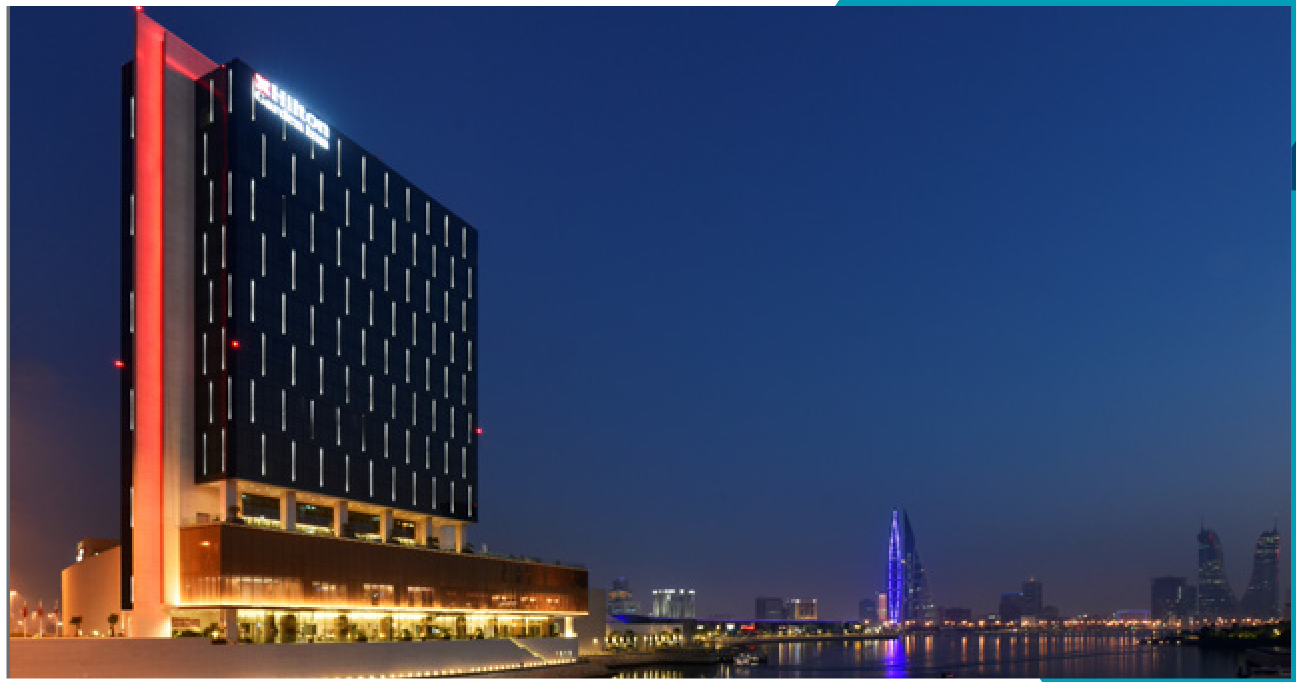
The Avenues - Bahrain spans over a rental area of 42,000 square meters, featuring a waterfront extending over 600 meters. It includes a variety of investment units and restaurants, alongside family entertainment activities such as 10 cinema halls and children's play areas.

The western expansion of The Avenues - Bahrain is scheduled to open in Q2 fo 2025, adding approximately 42,000 additional square meters of leasable area, bringing the total leasable area to 84,000 square meters, with a waterfront extending over 1.3 kilometers.

The expansion will introduce a diverse mix of 248 stores and restaurants, in addition to two entertainment areas, an ice-skating rink, and a supermarket, complemented by basement parking for about 1,300 vehicles.

Newly designed areas include The Forum, Grand Plaza, Electra, and the Market, along with the expansion of the highly popular Grand Avenue. Each area will offer a unique character expressed through architectural styles inspired by modern concepts and diverse cultures, enhancing the overall shopping experience at The Avenues – Bahrain and further cementing its position as one of the premier tourist destinations in Bahrain and the Gulf region alike.

HILTON GARDEN INN **- BAHRAIN**



The four-star Hilton Garden Inn - Bahrain hotel is strategically located in the heart of Bahrain Bay, overlooking the Bahrain National Museum and the World Trade Center. It is just 15 minutes away from the airport. The hotel is also directly connected to The Avenues - Bahrain, making it an attractive destination for visitors, tourists, and business travelers from the Gulf and other countries.

Hilton Garden Inn - Bahrain, operated by Hilton Worldwide, opened its doors in 2021. Located only 15 minutes from Bahrain International Airport and overlooking the picturesque Bahrain Bay, the hotel enjoys direct access to The Avenues – Bahrain and includes 192 keys, with 35 suites fully equipped to receive visitors from all over Bahrain and abroad.

THE AVENUES
- RIYADH

The Avenues - Riyadh is located at the heart of Saudi Arabia in North of Riyadh City, in a prime position overlooking the intersection of King Salman Road and King Fahad Bridge and extends across a total built up area of 1,800,000 sqm and is valued over 16 billion Saudi Riyals.

The Avenues - Riyadh is set to become a prime investment and commercial destination in the Middle East. Spanning a gross leasable area of approximately 370,000 sqm, it will feature a large mall and five towers. The first tower will be dedicated to office spaces, the second will host the luxurious Waldorf Astoria Hotel, the third will offer residential apartments, the fourth will feature the Canopy Hotel, and the fifth will accommodate the Conrad Hotel. Each hotel lobby will be nestled within expansive natural areas, providing stunning views from all floors of the towers.

This ambitious project will provide ample parking for over 15,000 vehicles. The mall itself will boast 19 cinema halls and feature 9 distinct districts: Grand Avenue, Prestige, Grand Plaza, The Forum, Electra, The Souk, The Mall, The Walk, and The Oasis. These amenities will make it a premier destination for shopping, entertainment, and accommodation within the Kingdom of Saudi Arabia.

The Avenues - Riyadh embodies Salmani Architecture, a style that combines originality with modernity, inspired by historical elements and adapted to contemporary development. This architectural approach highlights its prominent location in Najd, Riyadh. The mall will feature state-of-the-art designs, incorporating sustainable and green elements that align with the Kingdom's vision.

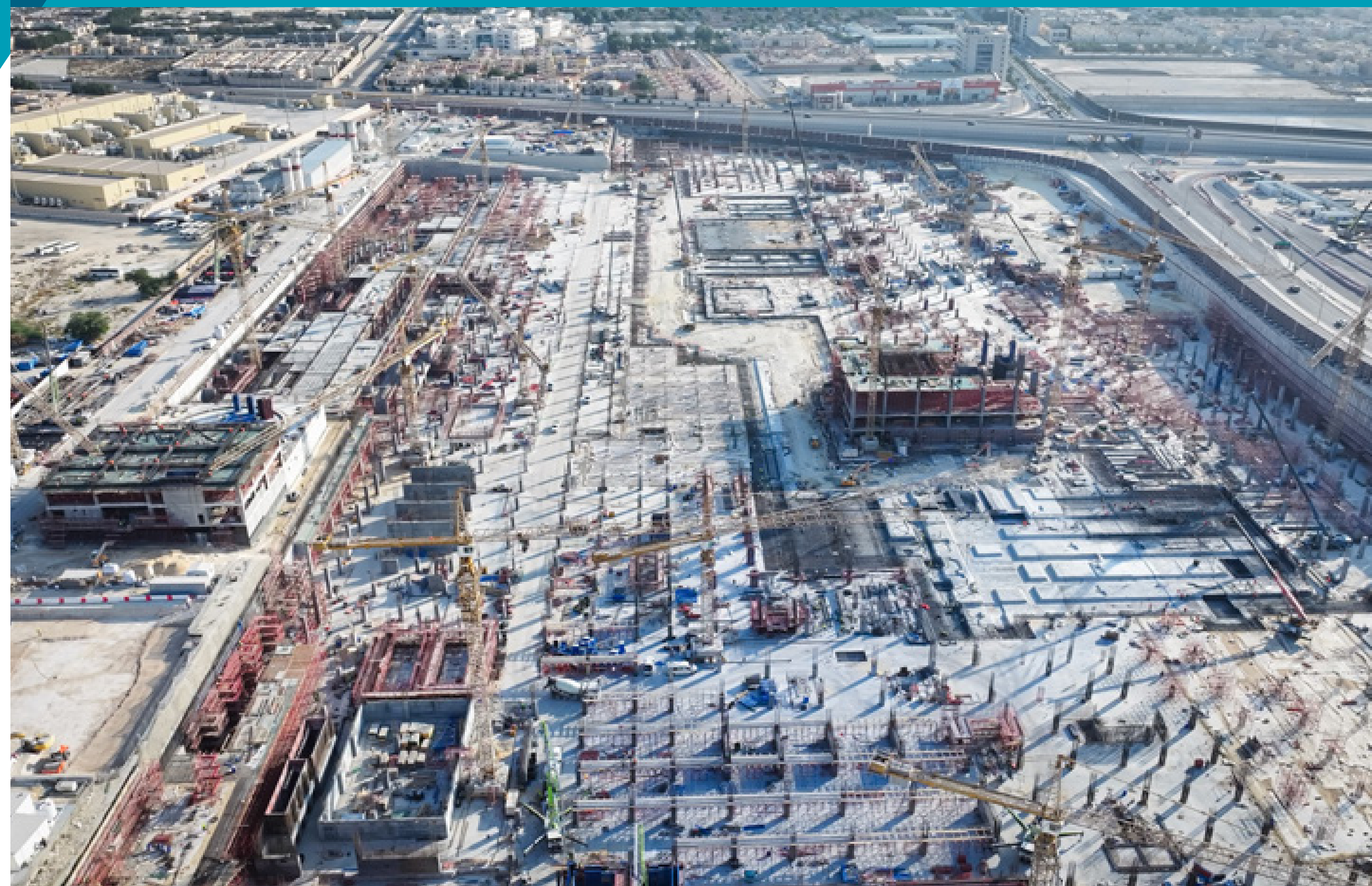
The Avenues - Riyadh is scheduled to open by Q3 2026.

THE AVENUES **- KHOBAR**

Inspired by modern architectural design concepts, The Avenues - Khobar is located in the Eastern Province of Saudi Arabia, specifically in Khobar City at the northwestern corner of the intersection of King Saudi Road with Prince Sultan Road. The project is valued at 7.5 billion Saudi Riyal and extends across a total built up area of 696,000 sqm.

The Avenues – Khobar extends across a gross leasable area of 175,000 square meters, the project will encompass 8 districts, namely The Plaza, Grand Avenue, Town Square, The Souk, Electra, The Mall, Urban Walk, and The Gardens, in addition to exciting entertainment spaces and 10 cinemas, as well as two towers, the first tower will include a five-star hotel, and the second tower will be a Canopy by Hilton Hotel. The project will also encompass offices and parking spaces that can accommodate more than 6,400 vehicles.

The Avenues - Khobar will feature state-of-the-art designs and elements that reflect the character of the Eastern Region, adhering to the highest standards of environmental and energy conservation. The project will incorporate sustainable features that align with the Kingdom's vision. The anticipated opening is slated for the second or third quarter of 2027.



AUDIT REPORT
MABANEE COMPANY K.P.S.C 2024

1. Introduction

With great pleasure, Mabanee's Audit and Risk Committee presents its Annual Report for the fiscal year that concluded on December 31st, 2024, to the Company's valued shareholders. The Report includes details of how the Committee performed its duties and responsibilities as outlined in its rules, together with its assessment of the effectiveness of the Company's financial and internal control systems and the Risk Register. This is in addition to the work and tasks carried out by the Committee that fall within the scope of its terms of reference, in line with the relevant regulatory provisions and requirements.

2. Audit Committee Terms of Reference:

By guaranteeing the accuracy and integrity of the company's financial reports and the sufficiency and efficacy of the internal control systems implemented therein, the Audit and Risk Committee is tasked with creating a culture of dedication within Mabanee. To this end, it may examine the Company's records and documents and request any clarifications or statements from the executive management. The Committee carries out its authorized duties, including supervising the work of internal audit and compliance with regulatory instructions, overseeing the pillars pertaining to corporate governance, environmental and social performance and reviewing relevant reports, examining evaluation results of the internal control system, as well as the initial and annual financial statements, the accounting policies followed, recommending to the Board of Directors the nomination of the Company's auditors, studying regulatory authorities' reports regarding the Company's compliance with the regulations and instructions, and establishing appropriate mechanisms through which the Company's employees can submit their observations regarding any violation of the internal regulations and submitting recommendations to the Board of Directors.

In accordance with the tasks and responsibilities assigned to the Committee according to its regulations and rules of work, the Audit Committee undertakes a fundamental and key role in assisting the Board of Directors fulfilling its duties with regard to integrity of the Company's financial statements, independence of the Company's auditors, performance of disclosure controls and procedures, effectiveness of the internal audit team and external auditors, evaluation and examination of the adequacy of the Company's internal accounting systems and financial controls, and the Company's commitment to ethical policies and codes of conduct.

The Board of Directors formed the Audit and Risk Committee (merged) pursuant to the approval of the Capital Markets Authority, issued on 18/01/2016, considering the exercise of the tasks and responsibilities assigned to the Committee after the merger, in accordance with what is stipulated in Rule Fifteen (Corporate Governance).

The Audit and Risk Committee of Mabanee consists of Chairman, selected from among the Board non-executive members, and two members also from the Board members (one is a non-executive member, and the other is an independent member); all with experience and knowledge as required. On an ongoing and periodic basis, not less than four times per year (once every quarter), the Committee holds at least four meetings annually, attended by the external auditors, representatives of the Internal Audit Office and representatives of the Risk Business, as well as the CEO, Deputy CEO and CFO when needed and invited.

3. Regulations and Rules of Work of the Audit and Risk Committee:

In accordance with the Company's plan to align governance requirements, the drafting of the Committee's work regulations was reviewed in accordance with the regulatory provisions and requirements. It was ratified and approved for review by the Board of Directors at its meeting held on 27/01/2025.

4. Members of the Audit and Risk Committee:

The members of the Audit and Risk Committee were formed for the Board's term, extending from March 27th, 2022 to March 26th, 2025.

The Committee includes the following members: -

1. Mr. Ayman Abdullateef Alshaya - Head of the Committee
2. Mr. Azzam Abdulaziz Alfulaij
3. Mr. Mohammad Rashid Almutairi

5. Meetings of the Committee:

The Committee held five meetings during the year 2024, as follows:

Name	Capacity	Meeting (1) 31/01/24	Meeting (2) 05/05/24	Meeting (3) 05/08/24	Meeting (4) 27/08/24	Meeting (5) 06/11/24
Ayman Abdullateef Alshaya	Member	√	√	√	√	√
Azzam Abdulaziz Alfulaij	Independent	√	√	√	√	√
Mohammad Rashid Almutairi	NON-EXECUTIVE	√	√	√	√	√

6. Audit and Risk Committee Tasks and Key Activities during the year 2024:

During the year 2024, the Audit and Risk Committee carried out several tasks, the most prominent of which include:

• Financial statements

The Audit and Risk Committee examined the Company's quarterly and annual financial statements, where important issues were discussed with the external auditors and the Chief Financial Officer. Comparisons were reviewed, influential changes were verified, the adequacy of disclosures and the extent of application of accounting policies and standards were verified, all relevant aspects were examined, and the external auditors were informed of the Company's management's cooperation in terms of submitting all required documents and answering their queries. After discussions and confirmation by the external auditors that there are no observations that affect the fairness of the financial statements, the Committee expresses its opinion and submits its relevant recommendations to the Board of Directors.

External Auditors

The Committee recommended to the Board of Directors and the General Assembly to nominate the Company's auditors after studying the submitted offers, ensuring that they are independent of the Company and its Board of Directors and that they do not perform additional work for the Company that is not included in the audit work matrix approved by the Capital Markets Authority. The General Assembly, which was held on March 7th, 2024, approved the reappointment of Mr. Abdul Karim Abdullah Al-Samdan, from Al-Aiban, Al-Osaimi and Partners (Ernst & Young), and the reappointment of Mr. Bader Abdullah Al-Wazzan, from Deloitte & Touche - Al-Wazzan and Partners, as auditors of the Company's accounts for the fiscal year ending December 31st, 2024.

Internal Auditor

The Committee approved the internal auditor's annual work plan, followed up and reviewed the periodic reports on the results of the internal audit work of a group of business units, considered the most prominent observations and provided the necessary directives to address the shortcomings.

Corporate Governance and Environmental and Social Performance

The committee discussed the annual report on the pillars of corporate governance and environmental and social performance, followed up on all efforts exerted to raise the level of compliance, consider cases of non-compliance with regulations and instructions and make its recommendations.

7. Adequacy of the Company's Internal Control Systems:

The Board of Directors is responsible for establishing and maintaining an internal control system in the Company that includes all policies, procedures and operations designed under the supervision of the Board of Directors to achieve the Company's strategic objectives. As stipulated by the Capital Markets Authority, an independent audit office has been assigned to evaluate and review the internal control systems and prepare a report thereon (Internal Control Report). The Capital Markets Authority has been provided with the same for the year ending 31/12/2023. The opinion of the independent audit office was as follows:

1. The Company's internal control systems have been established and maintained in accordance with the requirements of the Capital Markets Authority and the rules of corporate governance.
2. The observations raised in the examination and evaluation of the internal control systems do not materially affect the fair presentation of the Company's financial statements for the year ending 31/12/2023.
3. The procedures adopted by the Company to address the observations mentioned in the report are considered satisfactory.

عبد الكريم عبدالله السمدان إرنست ويونغ – العيبان والعصيمي وشركاهم بدر عبدالله الوزان ديلويت وتوش – الوزان وشركاه ABDULKARIM A. AL SAMDAN ERNST & YOUNG, AL-AIBAN, AL-OSAIMI & PARTNERS BADER A. AL WAZZAN DELOITTE & TOUCHE – AL-WAZZAN & CO.	مكتب التدقيق واسم المدقق الشريك NAME OF THE AUDIT FIRM AND PARTNER AUDITOR
COMPLETED AS AN EXTERNAL AUDITOR OF 4 YEARS BY DECEMBER 2024	عدد السنوات التي قضاها كمدقق حسابات خارجي للشركة NUMBER OF YEARS SPENT AS EXTERNAL AUDITOR OF THE COMPANY
143,161 KWD	إجمالي أتعاب التدقيق العام 2023دينار الكويتي TOTAL AUDIT FEES FOR YEAR 2023 IN KWD
80,554 KWD	اتعاب وتكاليف الخدمات الخاصة الأخرى بخلاف تدقيق البيانات المالية للعام 2023 FEES AND COSTS OF OTHER SPECIAL SERVICES OTHER THAN AUDITING THE FINANCIAL STATEMENTS FOR 2023
OBTAINING TAX EXEMPTION CERTIFICATE, NLST & ZAKAT DECLARATION, CONSULTANCY SERVICES FOR THE SUSTAINABILITY, AND INTEGRATED REPORT DEVELOPMENT, TAX ADVISORY AND SERVICES, CAPITAL INCREASE.	تفاصيل وطبيعة الخدمات المقدمة الأخرى (إن وجدت) DETAILS AND NATURE OF OTHER SERVICES PROVIDED (IF ANY)

AYMAN ABDULLATEEF ALSHAYA
HEAD OF THE COMMITTEE

MABANEE COMPANY K.P.S.C.
CORPORATE GOVERNANCE REPORT
FOR THE FISCAL YEAR ENDING 31 DECEMBER 2024

In application of the provisions of Article (3.7/9), Module Fifteen (Corporate Governance) of the Executive Regulations of Law No. (7) of 2010 on the Establishment of the Capital Markets Authority and the Regulation of Securities Activity, as amended by Circular No. (1) of 2023 regarding the Preparation of Annual Reports to the General Assembly, indicating corporate governance requirements, stating the extent of compliance with and adherence to governance rules and justifying any cases of non-compliance, Mabanee Company K.S.C.P. (the Company) issues this Corporate Governance Report annually.

Rule One

Construct a balanced Board Structure

A) Overview of the Composition of the Current Board of Directors:

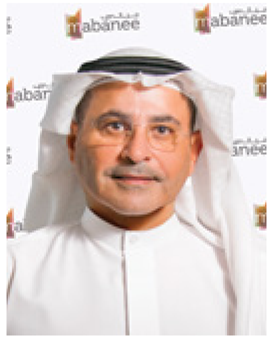
The Company is managed by a Board of Directors consisting of seven (7) members, who were elected during the General Assembly meeting held on 27/03/2022, by the Company's shareholders for a period of three (3) years ending on 26/03/2025. The current Board of Directors consists of non-executive members and two (2) independent members who enjoy the technical experience and skills required to manage the Company's business.

On 12/11/2024, the independent member, Mr. Farouk Bastaki, submitted his resignation from the Board membership and his resignation was accepted by the Board of Directors on 17/11/2024. Consequently, at the seventh meeting of the Board of Directors for the year 2024, the Board decided to hold the General Assembly at due time in accordance with the laws and regulations followed in this regard.

The Company is committed to its Articles of Association, internal regulations and the relevant laws and instructions in terms of the Board of Directors' formation, modus operandi and responsibilities, as follows:

1. The Board of Directors generally adhered to the main requirements stipulated in its rules of operation, including, for example, the number of Board members and the required balance between them pursuant to the specified standards, the responsibilities of the Chairman of the Board of Directors and the separation of powers between the Executive Management that runs the Company's business and the Board of Directors that prepares and reviews the Company's plans and policies.
2. Independent Board members confirmed their continued independence from the Company, and the latter was assured that the legal requirements in this regard were met in terms of the minimum number of independent Board members.
3. The Board specified the responsibilities, tasks, powers and other requirements necessary for its work through the Articles of Association, the Law of Companies law and the regulations governing the work of the Board of Directors.
4. Board members are subject to their disclosure obligations, including the disclosure of any positions they hold in other companies, any change in their independence and transactions on the Company's securities and any change in the annually submitted statements immediately upon such change, in addition to the obligation to disclose any conflict of interest in relation to any matter considered by the Board or any of its committees.
5. In its meeting held on 29 December 2020, the Board of Directors approved the appointment of Ms. Fadwa Fathy Omar, Secretary of the Board of Directors, who was selected from among the Company's employees working therein since August 2007, in accordance with the terms and requirements of the Company's Articles of Association and the governance systems of the Capital Markets Authority and other regulatory systems.

MEMBERS OF THE BOARD OF DIRECTORS



Mohammad Abdulaziz Alshaya
Chairman of Board of Directors
Non-Executive Member

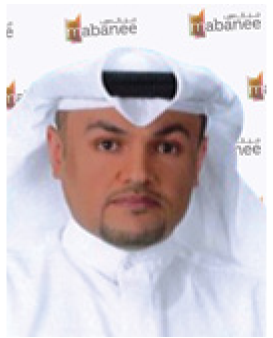
Mohammad Abdullateef Alshaya
Vice Chairman of the Board
Non-Executive Member

Abdullah Abdullateef Alshaya
Member of the Board of Directors
Non-Executive Member

Ayman Abdullateef Alshaya
Member of the Board of Directors
Non-Executive Member

Azzam Abdulaziz AlFulaij
Member of the Board of Directors
Independent Member

Farouq Ali Bastaki
Member of the Board of Directors
Independent Member



Mohammad Rashid AlMutairi
Member of the Board of Directors
Non-Executive Member

BOARD OF DIRECTORS & COMMITTEES

Mohammad Abdulaziz Alshaya

CHAIRMAN OF THE BOARD OF DIRECTORS
CHAIRMAN OF THE INVESTMENT COMMITTEE
CHAIRMAN OF THE NOMINATIONS AND REMUNERATION COMMITTEE

Work Experience:

A prominent and distinguished businessman in the financial and business sector, with diverse experiences in several sectors, including real estate, investment, retail, hospitality and financial sector. Through strategic and economic initiatives and plans in the State of Kuwait, Mohammad Alshaya has made numerous contributions and has excelled in supporting business between the United Kingdom and the Arab countries. Alshaya has received the highest honor of the British Empire with the rank of "Honorary Commander".

Alshaya has undertaken a key role in developing the family-owned Alshaya Group's business by leading its expansion in the Middle East, North Africa, Turkey, and Europe, through developing joint investment business relationships to promote and grow projects for tourist cities, markets, commercial and economic centers.

Under his leadership, Alshaya Group has become a global franchise operator for the most prominent brands in various sectors, including Starbucks, Harvey Nichols, H&M, Mothercare, Bath & Body Works, Debenhams, Claire's, Foot Locker, MAC, Next, Shake Shack, Victoria's Secret, American Eagle, Boots, Cheesecake Factory, PF Chang's, Pottery Barn, The Body Shop, KidZania, Alo, among others.

In addition to his professional career, Mohammad Alshaya is a member of the Advisory Council of the Dubai International Chamber, a member of the Board of Trustees of the Arab Thought Foundation, and a member of the International Advisory Council of the Cleveland Clinic Hospital Group.

Mohammad Abdullateef Alshaya

Vice-Chairman of the Board of Directors
Member of the Investment Committee

Work Experience:

A businessman with a successful career spanning over 35 years, during which he held many executive positions in major institutions and companies, which provided him with extensive professional expertise in financial sector, investment sector, real estate, infrastructure, hospitality sector, and retail trade, in addition to his professional experience in matters of governance, compliance, and control.

In addition to holding the position of CEO of Alshaya Real Estate Development Company, he is the Executive Director of Eastern Hotels Company and holds membership in the Board of Directors of Alshaya Group companies.

Abdullah Abdullateef Alshaya

Member of the Board of Directors
Member of the Nominations and Remuneration Committee

Work Experience:

A businessman with comprehensive and extensive experience in various sectors, e.g., financial sector, industrial sector and commercial sector, in addition to his professional expertise in economic risk management, capital management and investment in human resources, which he gained through his leadership of many executive positions in private sector companies as well as commercial and industrial businesses. Additionally, he held the presidency of car dealerships for 19 years from 1981 to 2001. He is also the Chairmanship of the Board of Directors of Alshaya Group, Chairmanship of the Board of Directors of Kuwait Automotive Imports Company and Chairman of the Board of Directors of the Eastern Hotels Company, as well as Board membership of the Chamber of Commerce and Industry.

Ayman Abdullateef Alshaya

Member of the Board of Directors
Head of the Audit and Risk Committee

Work Experience:

A businessman with comprehensive and diverse experience in multiple sectors, including financial, real estate, insurance, investment, retail and hospitality sectors. Through his leadership and chairmanship of many committees in private sector companies, he has gained professional experience in finance, risk management, internal audit, compliance, financial analysis, anti-money laundering, anti-terrorist financing, asset and capital management areas. He is also the Chairmanship of the Board of Directors of Al-Ahlia Insurance Company, Board membership of the Financial Center and Chairman of the Board of Directors of Alshaya Projects Company, in addition to the Board membership of Mohammed Hamoud Alshaya Company.

Azzam Abdulaziz Alfulaij

Member of the Board of Directors
Member of the Audit and Risk Committee
Member of the Nominations and Remuneration Committee

Work Experience:

A businessman with extensive and long experience in multiple sectors, e.g., financial, banking, real estate and investment sectors, with vast experience gained from his work in asset management through investing in diverse asset portfolios in real estate and economic areas. Through his membership and leadership of several boards of directors, he has earned professional expertise in internal auditing, risk management, governance, compliance, control and anti-money laundering matters. He has been a member of Boubyan Fisheries Company, Commercial Bank of Kuwait, National Bank of Kuwait, Al-Safat Investment Company, Heavy Engineering Industries and Shipbuilding Company, Gulf Finance House and Semena Holding Company. He also gained financial banking experience through his work at Kuwait Finance House, in the Banking Services Department.

Farouq Ali Bastaki

Member of the Board of Directors

Member of the Investment Committee

Work Experience:

A leader with extensive expertise and knowledge of investment sector, with more than 33 years of professional experience, from which he gained experience in the field of financing, alternative investments, and real estate investments, locally and internationally, through holding executive administrative and leadership positions, including the Board membership and the position of Managing Director of the Public Investment Authority, Chairman of the Board of Directors of Saint Martins London and Chairman of the Board of Directors of the National Technology Enterprises Company. Through his membership and leadership of many boards of directors, he gained practical experience in internal auditing, risk management, governance, compliance, as well as control and money laundering areas, where he served as a member of the Board of Directors of Gulf Bank, the Kuwait Fund for Arab Economic Development, and a member of Fosterlane USA.

Mohammad Rashid Almutairi

Member of the Board of Directors

Member of the Audit and Risk Committee

Work Experience:

A leader with more than 25 years of practical experience in the field of industrial sector management, who gained professional experience in governance, compliance, control, risk management, and internal audit areas. He is also a member of the Livestock Transport and Trading Company and Secretary of the Board of Directors of the National Industries Group Holding Company, as well as the Executive Director of the National Charitable Industries Group Holding.

Fadwa Fathi Omar

Secretary of the Board of Directors

Manager of Governance and Regulatory Compliance Department

Work Experience:

By decision of the Board of Directors, Fadwa Omar was appointed, from among the Company's employees, to the position of the Secretary of the Board. She enjoys experience in administrative work and in the fields of governance, risk and regulatory compliance. Working to develop her professional experience, she passed the "Leading Change: Decision-Making, Negotiation, and Leadership Strategies" program, provided by Harvard University, USA. She also obtained a certified international secretary certificate from GAFM Academy, in addition to passing the Capital Markets Authority CISI Rules and Regulations test, and the test for corporate managers program from the Institute of Finance and Governance IFG from Lebanon.

She started her career in 1998 with the Kuwaiti Manager Company for Managing Real Estate Projects. In 2004, she joined Global Logistics and Warehousing Company. In 2007, she joined Mabanee, during which she contributed to a number of projects, e.g., preparing for the acquisition of Al Rai Logistics Company, in addition to contributing to the formulation of qualification documents and partnership between public and private sectors and preparing an integrated governance framework.

Name	Member Classification (Executive / Non-Executive / Executive / Independent) Secretary of the Board	Academic Qualification	Date of election / Board Secretary Appointment
Mohammad Abdulaziz Alshaya	Chairman of the Board of Directors Non-Executive Member	- Master of Business Administration from Wharton School, University of Pennsylvania - USA - Bachelor of Marketing from Kuwait University	27 March 2022
Mohammad Abdullateef Alshaya	Vice Chairman Non-Executive Member	- Bachelor of Civil Engineering from the University of Petroleum and Minerals, Dhahran - Kingdom of Saudi Arabia.	27 March 2022
Abdullah Abdullateef Alshaya	Board Member Non-Executive Member	- Bachelor of Economics from Kuwait University	27 March 2022
Ayman Abdullateef Alshaya	Board Member Non-Executive Member	- Bachelor of Mechanical Engineering from Kuwait University	27 March 2022
Azzam Abdulaziz Alfulaij	Board Member Independent Member	- Bachelor of Business Administration from Grand View College – USA	27 March 2022
Farouq Ali Bastaki	Board Member Non-Independent Member	- Bachelor of Industrial Engineering from the University of Miami - USA.	27 March 2022
Mohammad Rashid Almutairi	Board Member Non-Executive Member	- Master of Business Administration from Cairo University, Arab Republic of Egypt. - Bachelor of Commerce from Ain Shams University, Arab Republic of Egypt.	27 March 2022
Fadwa Fathi Omar	Secretary of the Board	- Bachelor of Business Administration. - Certified Secretary by the International Academy of Finance and Management - USA - Member of the Chartered Institute for Securities and Investment CISI.	29 December 2020

B) Overview of the Company's Board of Directors Meetings:

During the year 2024, the board of directors held 9 meetings, and the following table summarizes the meetings and attendance of the board members

Name	Capacity	Meeting (1) 06.02.24	Meeting (2) 06.05.24	Meeting (3) 02.06.24	Meeting (4) 12.98.24	Meeting (5) 23.09.24	Meeting (6) 07.11.24	Meeting (7) 17.11.24	Meeting (8) 10.12.24	Meeting (9) 22.12.24
Mohammad Abdulaziz Alshaya	Chairman of Board of Directors	√	√	√	√	√	√	√	√	√
Mohammad Abdullateef Alshaya	Vice Chairman	√	√	√	√	√	√	√	√	√
Abdullah Abdullateef Alshaya	Member	√	√	√	√	√	√	√	√	√
Ayman Abdullateef Alshaya	Member	√	√	√	√	√	√	√	√	√
Azzam Abdulaziz Alfulaij	Independent Member	√	√	√	√	√	√	√	√	√
Farouq Ali Bastaki	Independent Member	√	√	√	√	√	√	His membership ended with the acceptance of his resignation on 17/11/2024		
Mohammad Rashid Almutairi	Member	√	√	√	√	√	√	√	√	√

Board Members Technical and Practical Skills Matrix

Name	Mohammad Abdulaziz Alshaya Chairman of Board of Directors	Mohammad Abdullateef Alshaya Vice-Chairman of the Board	Abdullah Abdullateef Alshaya Non-Executive Member	Ayman Abdullateef Alshaya Non-Executive Member	Azzam Abdulaziz Alfulaij Indepen. Member	Farouq Ali Bastaki Indepen. Member	Mohammad Rashid Almutairi Non-Executive Member
Entrepreneurship / Leadership	√	√	√	√	√	√	√
Financial/ Economic	√	√	√	√	√	√	
Research and Feasibility Studies	√	√	√			√	
Real Estate Expertise	√	√	√	√	√	√	√
Strategic Management	√	√	√	√	√	√	√
Risk Management Expertise	√	√	√	√	√	√	√
Innovation and Innovation	√		√	√			
Mergers and Acquisitions	√	√	√	√	√	√	√

C) Brief on how to implement the requirements of registration, coordination, and keeping of Mabanee's Board of Directors' minutes:

Upon her appointment, the Secretary of the Board of Directors, Ms. Fadwa Fathi Omar, has been entrusted with the responsibility of organizing the work of the Board of Directors and documenting the deliberations occurring during Board meetings and the decisions passed and reservations (if any) made therein. These minutes shall be signed by all attending and participating members and the Secretary.

A special register is established for the minutes of Board meetings, with consecutive numbers for the year in which the meetings were held, recording each meeting's date, start and end times and a list of attendees and absences, along with a statement of the means of attendance. The Secretary may sign a letter implementing the recommendations regarding the decisions taken in the Board meetings and send them to the relevant party with follow-up on their implementation. The minutes of the meetings, records, reports and other documents submitted by and to the Board shall be kept with the Secretary and the files shall be kept electronically for easy reference.

The Secretary also ensures that the dates of the Board meetings are reported at least three working days in advance, taking into account emergency meetings, in addition to facilitating the Board members' access to minutes of the meetings and information and documents related to the Company, as well as ensuring, under the supervision of the Chairman of the Board, the delivery and distribution of information and coordination between the Board members and stakeholders.

D) Independent member's declaration of meeting independence requirements:

Board members were elected on March 27th 2022, including the election of Mr. Azzam Abdulaziz Al-Fulaij and Mr. Farouk Ali Bastaki as independent members after verifying the availability of all controls that determine the quality of independence at the Nominations and Remunerations Committee meeting No. 2/2022, held on 26/03/2022, confirming them annually by the Nominations and Remunerations Committee.

Declarations of independent members regarding the availability of independence controls as below indicated:

وزارة التجـارة والصناعــة
Ministry of Commerce and Industry

إقرار عضو مجلس الإدارة المستقل

أقر أنا الموقع أدناه .... عزام عبد العزيز الفليج

بطاقة مدنية (أو جواز سفر لغير المقيم) رقم 264101601162

والمرشـح كعضو مجلس إدارة مستقل لدى شركة
(المبـانـــي شركـــة مساهمـــة كويتيـــة عامـــة)

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

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

الإسم : عزام عبد العزيز الفليج

التاريخ: يناير 2024

التوقيع:

وزارة التجـارة والصناعــة
Ministry of Commerce and Industry

إقرار عضو مجلس الإدارة المستقل

أقر أنا الموقع أدناه .... فاروق علي أكبر بستكي

بطاقة مدنية (أو جواز سفر لغير المقيم) رقم 260042200917

والمرشـح كعضو مجلس إدارة مستقل لدى شركة
(المبـانـــي شركـــة مساهمـــة كويتيـــة عامـــة)

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

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

الإسم : فاروق علي أكبر بستكي

التاريخ: يناير 2024

التوقيع:

Rule Two

Proper Identification of Tasks and Responsibilities

A) Brief on how Mabanee determines the policy of tasks, responsibilities and duties of each of Board Members and the Executive Management members and the Powers and Authorities delegated thereto

The Board of Directors assumes all the powers and authorities necessary to manage the Company. The Board's powers, task, and responsibilities are specified in the Company's Articles of Association, as well as in the approved Board of Directors bylaws that include the tasks, responsibilities ,and terms of the Board members, subject to the powers of the Company's General Assembly. The key tasks and responsibilities are:

- Approving, reviewing, and directing the Company's comprehensive strategy, objectives and main business plans, reviewing and directing them.
- Approving the annual estimated budgets as well as the interim and annual financial statements.
- Adopting a dividend distribution policy.
- Approving charters, bylaws, and internal policies.
- Forming specialized committees emanating therefrom.
- Determining the powers delegated to Executive Management and decision-making procedures. The Board also determines the issues reserved for the Board's sole authority to decide on.
- Monitoring and supervising Executive Management performance.
- Periodically ensuring the effectiveness and adequacy of Internal Control Systems..

In addition to the obligations of the Board of Directors, the Chairman of the Board of Directors shall be responsible for representing the Company before third parties and for the proper functioning of the Board, in an appropriate and effective manner, including the Board members' obtaining complete and correct information in a timely manner and encouraging constructive relationship and effective participation between the Board of Directors and the Executive Management, among other responsibilities.

Executive Management tasks and responsibilities are also defined in the policies approved by the Board of Directors, the most prominent of which are:

- Implementing the strategy and annual plans approved by the Board of Directors.
- Implementing all internal policies approved by the Board.
- Full responsibility for the Company's overall performance and business results.
- Establishing internal control systems and ensuring the adequacy and effectiveness.
- Preparing periodic reports on the Company's activities and presenting them to the Board.

The Board of Directors also determines the powers delegated to Executive Management, taking into account achieving a balance in powers and authorities between the Board of Directors and Executive Management, so that no party shall have absolute powers to facilitate the accountability process.

B) Achievements of the Board of Directors during the year:

The Board of Directors continued to focus on directing the Company, implementing its strategic vision and completing the development and activation of the Corporate Governance Framework, supported by the following pillars:

- Approval of the integrated report, including the Company's strategy, institutional model, risks facing the Company, direction and future expectations.
- Reviewing and approving the interim and annual financial statements.
- Following up the work of the committees emanating from the Board of Directors.
- Holding Ordinary General Assembly meetings.
- Approving the Company's updated organization structure.
- Preparing the Corporate Governance Report.
- Submitting recommendations to shareholders through the Company's General Assembly to re-appoint the Company's external auditor based on the recommendation of the Audit and Risk Committee.
- Discussion and approval of the annual evaluation of the Board of Directors as a whole, as well as evaluation of each member of the Board and each of the committees emanating therefrom, in addition to evaluating the senior executives' performance.
- Controlling and overseeing Executive Management's performance and ensuring that approved policies and regulations are followed.
- Approving the stakeholders' compensation mechanism policy and the risk policy.
- Periodic follow-up of the latest developments of the Company's projects and assets.
- Reviewing the Company's budget of expenses and revenues.
- Reviewing the report of evaluation and review of the internal control systems as prepared by an independent auditor.
- Following up on business continuity and the Company's emergency plan.
- Improving the positive impact on the communities in which we live and work and reducing the negative impact.
- Independent Board members confirmed their continued independence from the Company during the year 2024 and were reassured that the legal requirements in this regard were met in terms of the minimum number of independent members on the Board.
- Continuous development of our governance and transparency.
- Discussion and approval of the quarterly risk reports prepared by the Risk Management Consulting Office and submitted by the Audit and Risk Committee.
- Implementing the corporate governance system and monitoring the effectiveness of its implementation in accordance with the Capital Markets Authority Law and its Executive Regulations, as amended, as well as the requirements of other regulatory authorities.
- Approving objective performance indicators for the fiscal year 2024.
- Approving the rewards and benefits report.
- Approving the related party transactions report.
- Increasing professional competence and appointing the Chief Investment Officer.

C) Brief on implementing the requirements for the Board of Directors to form specialized, independent committees by the Board of Directors:

Within the framework of applying the rules of sound governance in the Company, the Board of Directors has formed three independent committees emanating therefrom, with a view to enabling it to perform its duties effectively and to supervise the applications of governance in its various themes. These committees shall work in accordance with the charters approved by the Board of Directors, which clarify their terms, powers, tasks and responsibilities, and the Board's control thereof, according to the following:

First: Audit and Risk Committee

The Audit and Risk Committee consists of three members (two non-executive members and one independent member), where members have extensive knowledge of financial matters:

Committee's date of formation and its term	29/03/2022 Term: Three Years.
No. of meetings held by the Committee during the year	Seven Meetings.
Committee Members	1. **Mr. Ayman Abdullateef Alshaya** - Chairman of the Committee (Non-Executive member) 2. **Mr. Azzam Abdulaziz Alfulaij** - Committee Member (Independent Member) 3. **Mr. Mohammad Rashid Almutairi** -Committee Member (Non-Executive Member)

Committee Main Tasks and Responsibilities:

1. Considering the effectiveness of the Company's internal control systems, including information technology security.
2. Financial Statements examination prior to presenting them to the Board of Directors and expressing its opinion and recommendations thereon.
3. Reviewing the internal control report annually submitted by an independent audit office, evaluating and reviewing the internal control systems.
4. Studying followed accounting policies, expressing opinions thereon and submitting related recommendations to the Board of Directors.
5. Evaluating the adequacy of the internal control systems applied within the Company and preparing a report that includes opinions and recommendations of the Committee in this regard.
6. Reviewing the results of the supervisory and regulating authorities' reports and ensuring that the necessary measures have been taken.
7. Ensuring Company's compliance with relevant laws, policies, systems and instructions.
8. Evaluating the qualifications, efficiency, performance and independence of the external auditor, proposing their appointment and determining their fees.
9. Studying internal audit reports and related corrective measures.
10. Studying the plan of the Internal Audit Department, its efficiency and capabilities.
11. Meeting regularly with the external auditors and at least four times with the internal auditor.
12. Reviewing deals and transactions made with related parties.
13. Studying the financial statements before submitting them to the Board of Directors and expressing opinion and recommendations thereon.
14. Preparing and reviewing risk management strategies and policies prior to their approval by the Board of Directors, ensuring implementing them and that they are commensurate with the nature and amount of the Company's activities.
15. Ensuring the availability of adequate risk management resources and systems.
16. Evaluating the systems and mechanisms for identifying, measuring and following up the different types of risks that the Company may be exposed to in order to identify any deficiencies therein.
17. Assisting the Board of Directors in determining and evaluating the acceptable level of risk for the Company, ensuring that the Company does not exceed that level once it is approved by the Board of Directors.
18. Ensuring the independence of risk management staff from activities that expose the Company to risks.
19. Reviewing periodic reports on the nature of risks the Company is exposed to, submitting them to the Board of Directors.

Key achievements of the Audit and Risk Committee during the year:

- Monitoring the Company's business and verifying the policies and procedures that ensure the integrity of the reports, financial statements and internal control systems.
- Ensuring that the departments operate in accordance with the policies approved by the Board of Directors.
- The Committee submits its written recommendations to the Board on a regular basis.
- Studying and discussing the Company's periodic and annual financial statements before presenting them to the Board.
- Studying the accounting policies followed and expressing opinions and recommendations to the Board of Directors thereon.
- Studying and reviewing the Company's internal and financial control systems, as well as risk management.
- Studying internal audit reports and following up on the implementation of corrective measures in terms of the observations contained therein.
- Monitoring and supervising the performance and activities of the Internal Audit Department in the Company to verify its effective performance of the work and tasks assigned thereto.
- Ensuring that the necessary corrective measures have been taken regarding the observations included in the internal audit reports.
- Recommending to the Board of Directors the appointment of an internal audit consultant and a risk management consultant, enabling them to perform their work effectively.
- Recommending to the Board the nomination of external auditors, determining their fees and ensuring their independence.
- Studying the auditor's report and his comments on the financial statements.
- Submitting written annual report to the General Assembly, explaining the internal audit activities carried out thereby.
- Technical supervision of the Internal Audit and Risk Management Department in the Company to verify its effectiveness in implementing the specified work and tasks.
- Reviewing the policy on stakeholders' compensation mechanism and submitting a recommendation to the Board of Directors for approval.
- Reviewing the annual internal control report submitted by an independent audit office to evaluate and review the internal control systems.
- Evaluating the performance of audit offices and independent audit offices.
- Preparing a report on the transactions of related parties with the Company, ensuring the non-existence of conflicts of interest and recommending them to the Board of Directors.
- Reviewing the annual report on the axes of partner governance and environmental and social performance, following up on all efforts exerted to raise the level of compliance and considering the possibility of applying some international standards.

Second: Nominations and Remuneration Committee

The Nominations and Remuneration Committee consists of three members (two non-executive members and an independent member).

Committee's date of formation andits term	29/03/2022 Term: Three Years.
No. of meetings held by the Committee during the year	Four Meetings.
Committee Members:	1. Mr. **Mohammad Abdulaziz Alshaya** - Chairman of the Committee (Non-Executive member) 2. Mr. **Abdullah Abdullateef Alshaya** - Committee Member (Independent Member) 3. Mr. **Azzam Abdulaziz Alfulaij** - Committee Member (Non-Executive Member)

Committee's Main Tasks and Responsibilities:

1. Assisting the Board in identifying qualified individuals to serve on the Board and the committees emanating therefrom.
2. Recommending to accept the nomination and re-nomination of the members of the Board of Directors and Executive Management.
3. Recommending the nomination of independent members and ensuring that the status of independence is realized.
4. Conducting a periodic review of the skills required for membership of the Board of Directors.
5. Developing job descriptions for Board Members.
6. Setting clear policies for remuneration of Board members and senior executives.
7. Preparing an annual report on the remuneration of members of the Board and the Executive Management to be presented to the General Assembly.
8. Verifying the independence of the independent Board Member.
9. Reviewing the Company's organizational structure.
10. Review the Company's policies and regulations and the corporate governance framework.

Key achievements of the Nominations and Remuneration Committee during the year:

- Verifying the independence of the independent Board member.
- Recommending the acceptance of the Executive Members' nominations.
- Submitting an annual report to the Board of Directors that includes a comprehensive analysis of the Board's performance resulting from the self-evaluation process.
- Preparing the remunerations of the Board Chairman and members, as well as the CEO and Executive Management members and the Company's employees, submitting a recommendation in that regard to the Board of Directors.
- Reviewing the governance and remuneration reports.
- Reviewing and approving the update of the Company's organizational structure and submitting a recommendation to the Board of Directors for approval.
- Reviewing the annual training plan for the Board of Directors and Executive Management.

Third: Investment Committee:

The Committee consists of four members (three non-executive members, one independent member of the Board of Directors and one member of the Executive Management).

Committee's date of formation andits term	29/03/2022, for a term of three years
Number of meetings held by the Committee during the year:	Two Meetings.
Committee Members:	1. Mr. **Mohammad Abdulaziz Alshaya** - Chairman of the Committee (Non-Executive member) 2. Mr. **Mohammad Abdullateef Alshaya** - Committee Member (Non-Executive Member) 3. Mr. **Farouq Ali Bastaki** - Committee Member (Independent Member) 4. Mr. **Waleed Khaled Alshariaan** - Committee Member (Chief Executive Officer)

Committee's Main Tasks and Responsibilities:

1. Approving the investment strategy and reviewing it periodically.
2. Reviewing investment opportunities, acquisition activities, mergers, and entering into partnerships.
3. Reviewing the performance of existing investments, evaluating their performance and examining, evaluating and approving major updates or additions required to be implemented in these projects.

4. Studying and evaluating any exit or exchange of Company's assets.
5. Reviewing the impact of the proposed transactions and deals on the Company's statement of financial position, including the required financing and assessing impact on liquidity and indebtedness ratios.
6. Monitoring investment assets, including funds and investment portfolios, and investments follow-up.

Key Investment Committee Achievements During the Year:

- Working with the Executive Management to develop an investment strategy and policy that is consistent with the nature of Mabanee's business and activities, as we as the risks associated therewith.
- Supervising investment activities and designing appropriate procedures to measure and evaluate investment performance.
- Evaluating investment opportunities proposed by the Executive Management, e.g., (participation in joint projects, sale or purchase of real estate, mergers or acquisitions, exit from an existing investment or disposal thereof).
- Determining the priorities of proposed investment opportunities.
- Ensuring that proposed investment opportunities comply with the Board's instructions.
- Reviewing the periodic reports of the Company's projects.

D) Brief on the implementation of requirements that enable Board members to obtain data accurately and in a timely manner:

The Company seeks to make information, data and documents available accurately and in a timely manner to all Board members, and to be provided by all possible and available means. This includes the use of modern means of communication in sending data to Board members to ensure that they obtain the necessary information, with high quality and on time, ensuring that all periodic and non-periodic reports are prepared with a high degree of professionalism and accuracy and that they are delivered to Board members to enable them to make informative decisions..

Rule Three

Selection of qualified persons for membership in the Board of Directors and Executive Management

Brief on the implementation of requirements for forming the Nominations and Remunerations Committee:

Based on the instructions of the Capital Markets Authority and its Executive Regulations, as amended, as well as in accordance with Rule Three of Module Fifteen and by a decision of the Board of Directors, the Nominations and Remunerations Committee was formed to constitute three members of the non-executive Board members, including an independent member, for a period of three years (Board term). With that formation, the Committee enjoys full independence to carry out its work effectively, where its work regulations were approved, including the tasks and responsibilities assigned thereto.

Report on the remuneration granted to members of the Board of Directors and Executive Management

The Board of Directors is responsible for designing the Remuneration Policy, setting foundations related to the Board of Directors' remunerations and their alignment with the Company's objectives and goals. The Policy reflects the Company's objectives and considers the integrity of its operational processes and financial position. The Remuneration Policy is an integral part of the Company's overall governance framework, and it has been activated through the Nominations and Remunerations Committee.

The Company's Remuneration Policy has been established in accordance with the following principles:

1. Linking remuneration to the degree of risk and tasks undertaken by the members of the Board of Directors or Executive Management.
2. The Policy aims to establish one of the incentives to attract and retain the best professionals.
3. Ensuring fair and competitive remunerations compared to other companies operating in the same fields, with the same size of business.
4. Ensuring transparency in granting remuneration pursuant to the relevant laws and best practices.

The Company's Remuneration Policy determines the remuneration system in line with the objectives of the Company, shareholders and stakeholders, reflecting the standards and principles of best practices in the field of good governance and adapting them to suit the Company's Articles of Association based on the relevant regulatory requirements.

Board of Directors Membership Remuneration:

1. Total remuneration shall not exceed 10% of the Company's net profits (after deducting depreciation, reserves and shareholders' profits of not less than 5% of the Company's capital or any higher percentage, as stipulated in the Company's Articles of Association).
2. The remuneration of the Board members shall be approved by the General Assembly at its annual meeting, at the request from the Board of Directors.
3. Upon the approval of the Ordinary General Assembly, the independent Board member may be exempted from the maximum remuneration stipulated in this clause.

The Company's general annual objectives shall be set and approved by the Board of Directors and translated into key performance indicators, which shall then be documented, circulated and implemented by the Executive Management. The latter, in turn, monitors the key performance indicators and report thereon to the Board of Directors. Remuneration criteria shall be determined based on the set key performance indicators, risk limits and tasks, where the CEO has the authority to estimate the value of the annual remuneration, within the total value approved by the Board of Directors.

Executive Management Remuneration:

The Executive Management Remuneration System takes into account the environment in which the Company operates, the results achieved thereby and the Company's risk tolerance. Main components include the following::

Fixed Remuneration:

- Fixed remuneration in the Company is determined in proportion to the level of responsibilities assigned and the CEO's specific career path. Remuneration is determined for each position, reflecting value to the Company.
- Whenever necessary, fixed remuneration is reviewed by the Nominations and Remuneration Committee to re-evaluate the overall remuneration package, market conditions and the divisions' performance across the Company.
- Fixed remuneration, including salaries, allowances and benefits (and end-of-service gratuity), is granted in accordance with the approved salary and grade structure by the Board of Directors, applicable laws and regulations, and contractual agreements.

Variable Remuneration:

- Variable remunerations are linked to the achievement of pre-determined objectives.
- Variable remunerations are allocated based on the individual performance of the CEO and the overall performance of the Company.
- Variable remunerations are provided in cash based on annual determination of the Nominations and Remuneration Committee before being approved by the Board of Directors.

The Board of Directors' remuneration for the year 2024 totaled KD 724,000, including membership in the Board of Directors and additional tasks and responsibilities undertaken in the Board's committees..

Details of the remuneration granted to the Board of Directors and Senior Executive Management are as follows:

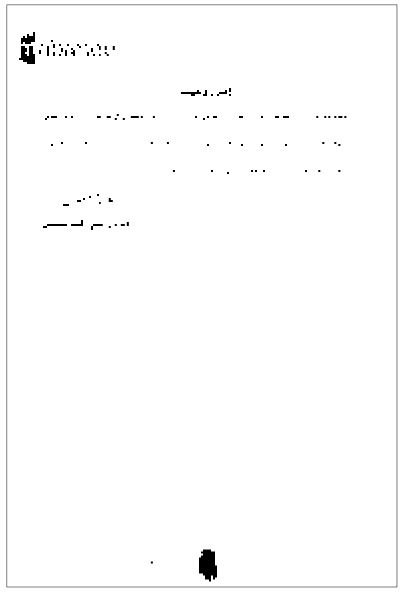
Members of Board Dirctors Remunerations and Benefits								
Total number of Members	Rewards and Benefits Through the Parent Company				Rewards and Benefits Through subsidiaries			
	Fixed Remuneration & Benefits (KD)	Variable Remuneration & Benefits (KD)			Fixed Remuneration & Benefits (KD)		Variable Remuneration & Benefits (KD)	
	Health Insurance	Annual Remuneration	Add. Tasks & Resp.	Committees Remuneration	Health Insurance	Monthly Salaries (Total during the year)	Annual Remuneration	Committees Remuneration
7	2,125	276,000	388,500	59,500	-	-	-	-

Total remunerations and benefits granted to five senior executives who have received the highest remunerations. This is in addition to the Chief Executive Officer and CFO														
Total number of Members and CEO	Remuneration & Benefits through the Parent Company						Variable Remuneration & Benefits (KD)	Remuneration & Benefits through the subsidiaries						Variable Remuneration & Benefits (KD)
	Monthly salaries (total during the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children Education Allowance	Annual Bonus	Monthly salaries (total during the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children Education Allowance	Annual Bonus
6	714,000	6,375	-	-	3,000	15,000	520,000	105,000	-	-	-	-	-	5,000

Rule Four

Ensuring Financial Reporting Integrity

Board of Directors and Executive Management Written Undertakings for the Soundness and Integrity of the Prepared Financial Reports



Brief on the implementation of the requirements for forming the Audit Committee:

Based on the instructions of the Capital Markets Authority and its Executive Regulations, as amended, and in accordance with Article (5/5) of Rule Four, Module Fifteen, and by a decision of the Board of Directors, the (merged) Audit and Risk Committee has been formed upon the approval of the Capital Markets Authority on 18/01/2016, subject to the exercise of the tasks and responsibilities assigned thereto after the merger in accordance with Module Fifteen (Corporate Governance). The Committee has been formed of three members from the non-executive members of the Board of Directors, including an independent member, for a period of three years (Board term). The Chairman of the Board of Directors shall not hold membership in this committee. It is imperative that most of the Committee members have academic qualifications and practical experience in the accounting and financial fields. With that formation the Committee shall enjoy full independence to carry out its work effectively and its work regulations have been approved, including the tasks and responsibilities assigned thereto.

In the event of a conflict between the recommendations of the Audit Committee and the resolutions of the Board of Directors, a detailed statement shall be included explaining the recommendations and the reason(s) behind the Board of Directors' decision not to comply therewith:

As stipulated in the regulations of the Audit and Risk Committee and the Board of Directors, the Board, in the event of not observing the recommendations of the Audit Committee regarding the external auditors or the internal auditor, shall state the reasons behind its decision not to comply therewith.

During the year 2024, there was no conflict between the recommendations of the Audit and Risk Committee and the decisions of the Board of Directors.

Verification of the independence and neutrality of the external Auditor

As stipulated in the Audit and Risk Committee's regulations, the Committee shall ensure the independence and impartiality of the external auditor from the Company and its Board of Directors and that he does not perform any additional work for the Company that is not included within the matrix of audit work permitted and approved by the Capital Markets Authority.

Rule Five

Applying Risk Management and Internal Audit Sound Systems

Brief on the implementation of the requirements for forming an independent Risk Management department/office/unit:

An independent risk management unit/office/department has been established, and an external party has been contracted to carry out risk management work. A risk management policy has been adopted that includes risk management's powers, tasks and responsibilities, as well as risk management mechanism and reporting. Periodicity of reports shall also be maintained as required to reduce risks and adopt effective risk planning through risk appetite and acceptable risks..

Brief on the implementation of the requirements for forming a Risk Management Committee:

Based on the instructions of the Capital Markets Authority and its Executive Regulations, as amended, and in accordance with Rule Five, Module Fifteen, and by a decision of the Board of Directors, the (merged) Audit and Risk Committee has been formed upon the approval of the Capital Markets Authority, issued on 18/01/2016, subject to the tasks and responsibilities assigned thereto after the merger in accordance with what is stipulated in Module Fifteen (Corporate Governance), the Committee has been formed of three members from the non-executive Board members, including an independent member, for a period of three years (the Board's term). The Chairman of the Board of Directors shall not hold membership in this Committee and all Committee members are required to have academic qualifications and practical experience in risk management, assessment and analysis. With this formation, the Committee shall enjoy full independence to carry out its work effectively. The Committee's work regulations were approved, including the tasks and responsibilities assigned thereto it.

Brief on internal control and monitoring systems:

The Board of Directors has established a control system entrusted to the Executive Management to maintain in the Company, including all policies, procedures and operations that have been designed under the supervision of the Board of Directors to achieve the Company's strategic objectives. Mabanee also adopts a process of careful examination and dual control through powers and authorities.

This system aims to evaluate risk management methods and procedures, ensure the proper application of the governance guide, compliance with applicable laws, regulations and internal policies and review the financial data used in preparing the Company's financial statements. The Audit and Risk Committee assists the Board in supervising the implementation of the internal control system and the Internal Audit Department coordinates the daily work related to that system.

The Internal Audit Department performs the internal control function under the supervision of the Audit and Risk Committee and the directives of the Board of Directors and follows the rules that regulate the internal control operations in the Company. The Board of Directors acknowledges its responsibility for the internal control system, reviewing its working mechanism and confirming its effectiveness.

In addition, as stipulated by the Capital Markets Authority, an independent audit office was commissioned to evaluate and review the internal control systems and prepare a report in this regard (Internal Control Report), which was submitted to the Capital Markets Authority for the year ending 31/12/2023. The opinion of the independent audit office expressed that the internal control systems they examined are consistent with the corporate governance requirements issued by the Capital Markets Authority as in Module Fifteen of the Executive Regulations, issued by Resolution No. (72) of 2015 of Law No. (7) of 2010. The opinion of the independent audit office was as follows:
"The company's internal control systems have been established and maintained in accordance with the requirements of the Capital Markets Authority and the rules of corporate governance. The

observations raised in the examination and evaluation of the internal control systems do not materially affect the fair presentation of the company's financial statements for the year ending 12/31/2023. The procedures taken by the company to address the observations mentioned in the report are considered satisfactory.

The Internal Audit Department helps the Company achieve its objectives by adopting an organized and disciplined approach aimed at evaluating and improving the efficiency of risk management, control systems and governance processes.

In the event of material violations or issues that must be disclosed in the annual report, reports shall be prepared thereon and submitted to the Audit and Risk Committee, which takes the necessary measures to deal with each of these cases, including the Committee requesting the Company's management to provide basic clarifications or take the necessary measures to ensure an effective solution.

Brief statement on implementing the requirements for forming an independent internal audit department/office/unit:

An internal audit department/office/unit has been formed within the Company's organizational structure, which is fully independent through its subordination to the Audit and Risk Committee and, thus, to the Board of Directors. Internal audit work is managed by assigning an independent external party with professional expertise to carry out internal audit work and by adopting the internal audit management policy that includes a statement of the powers and tasks of the Internal Audit Department and its work and reporting mechanism.

Rule Six

Promotion of Code of Conduct and Ethical Standards

Overview of the Code of Ethics, that includes the standards and determinants of the code of conduct and ethical values:

Mabanee always seeks to gain investors' confidence. Hence, the Company's Board of Directors has established solid principles, tasks and governance structures that require commitment to act ethically, taking into account human rights, in our work with our suppliers, customers, contractors and business partners. The Company's business agreements include a special condition that requires them to run their business operations in a manner consistent with human rights law. The Code of Conduct also stipulates adopting safe work practices and treating people with respect. A copy of the Code of Conduct, Human Rights Policy and other policies are available on the website, as follows:

Code of Conduct: This Policy defines its purpose and scope of work, the obligations to be followed by the Company's Board members, employees, suppliers, customers and business partners, as well as work environment and ethics, and the responsibilities for implementing this Policy and relevant penalties.

Whistleblowing Policy: This Policy sets the standards and procedures necessary for reporting violations of the Code of Conduct and Business Ethics, and the Company's systems and policies, which may support fraud and embezzlement activities. Those standards include responsibilities for receiving reports, statements on reports' results and mechanisms for protecting whistleblowers.

Conflict of Interest Policy: This Policy sets the controls and provisions that address conflict of interest cases, and mechanisms for disclosing them to all concerned parties when dealing with the Company or with other stakeholders. This is in addition to addressing conflict of interest cases when dealing with suppliers and contractors (members of the Board of Directors and Executive Management) that may impact decision-making, leading to preserving the Company's rights and interests and maintaining a sound work environment that achieves the highest levels of transparency and integrity.

Shareholder Rights Policy: The Board of Directors has developed this Policy to clarify shareholders' rights, including the rights contained in relevant laws and decisions and those stipulated in the Articles of Association.
The purpose of this policy is to enable and encourage shareholders to exercise their rights in an effective manner.

Disclosure Policy: The Disclosure Policy aims to establish systems to ensure compliance with laws and regulations related to disclosure, maintain the Company's reputation, provide transparency to current and potential shareholders and related parties and prevent the exploitation of listed securities.

Data Privacy and Protection Policy: The Company took the "Data Privacy and Protection" Policy seriously by ensuring getting prepared to achieve success in meeting the highest standards that customers expect from the Company. Mabanee's strategic goals include providing the highest degree of protection for customers' privacy and personal data. The Company has developed its Privacy Policy to help customers understand the way their personal data is handled and to achieve the necessary organization in its internal operations for full compliance.

Brief on the policies and mechanisms pertaining to conflicts of interest:

The Stakeholders Relationships Policy and the Conflicts of Interest Prevention Policy were approved. They address the concept of conflicts of interest and clarify the obligations of employees in this regard, as well as the obligation to disclose to the Board of Directors the existence of any activity with the Company that may constitute a conflict of interest.
The Conflicts of Interest Prevention Policy also included a mechanism for managing and organizing conflict of interest cases and the Board's powers to take any action against any person who proved to be involved in such cases.

Rule Seven

Accurate and Timely Disclosure and Transparency

Brief on the application of accurate and transparent presentation and disclosure mechanisms that define the aspects, areas and characteristics of disclosure:

The Board of Directors is keen to build and establish systems to ensure compliance with the laws and executive regulations, maintain the Company's reputation and provide transparency to the Company's current and potential shareholders and related parties, in accordance with the provisions of the Law, Executive Regulations, as well as any relevant Capital Market Authority instructions, which specify the aspects, areas and characteristics of disclosure regarding the data and information required to be disclosed, as follows:

- The Disclosure and Transparency Policy has been established and approved by the Board of Directors and shall be reviewed periodically.
- Reviewing all disclosure and transparency policies and mechanisms applied in the Company.
- Providing all information and data with the utmost transparency and impartiality, characterized by clarity, ease of understanding, simplicity and accuracy.
- Providing all basic information and data and annual reports through the Company's website.
- Disclosing in all contracts and agreements concluded with customers and contractors about the Company's subjection to the supervision of the Capital Markets Authority, stating the manner of dealing with customer complaints and grievances and how to communicate therewith directly via a phone number and email dedicated to complaints.

Brief on the implementation of requirements for the Disclosure Register of the Members of the Board of Directors and Executive Management:

A special register has been developed to include the disclosures of the members of the Board of Directors and Executive Management, which is directly updated and made accessible to all shareholders free of charge.

Brief on the implementation of requirements for establishing the Investors Affairs Regulatory Unit:

In compliance with the instructions of the Capital Markets Authority and Boursa Kuwait, an Investor Relations Department has been established by a decision from the Board of Director, with the appropriate level of autonomy, to be primarily responsible for educating shareholders about the Company's activities, financial performance and strategic directions, responding to shareholders' inquiries, facilitating the exercise of shareholders' right to attend and vote in the General Assemblies and building links between current and potential investors and all parties concerned with the Company..

IT Infrastructure and Disclosure Processes:

- The Company's website includes all its disclosures to the market for the last ten (10) years and earlier. It also contains all key information about the findings of the financial and periodic reports, in addition to the visual presentations and the periodic investor conference minutes.
- The website contains information about the Board of Directors, Executive Management, the Company's Articles of Association, as well as the key policies and regulations on which the Company's business is based.
- The Capital Markets Authority is contacted via e-mail and by using the automatic disclosure system for financial statements available on its disclosure website.
- The Company is keen to use the automatic disclosure system via Boursa Kuwait Website, through which its data and announcements are updated.
- The Company's intranet includes an Oracle database with all the details, information, policies, charters and regulations, which is easily accessed by the Company's employees.

Rule Eight

Respect of Shareholders Rights

Overview on the implementation of the requirements for the identification and protection of shareholders' general rights to ensure fairness and equality amongst all shareholders:

The Company is committed to ensuring that all shareholders exercise their rights fairly and to protecting shareholders' assets against misuse. It is further committed to treating all shareholders who own the same type of shares equally, without any discrimination or prejudice to the Company's interests or in conflict with the rules and regulations. Mabanee shall provide the following rights to shareholders:

- Recording the ownership value in the shareholders' register at the Clearing Agency.
- Obtaining the prescribed share in cash dividends and bonus shares.
- Obtaining data and information related to the Company's business and its operational and investment strategy on a regular basis.
- Participating in the shareholders' General Assembly meetings and voting on its decisions.
- Monitoring the Company's performance in general and the Board of Directors' performance in particular.
- Holding the Company's Board of Directors or Executive Management accountable for their failure to perform the tasks assigned to them.
- Shareholders also receive information and data in accordance with the established regulations and laws. They shall be entitled to access the information contained in the Company's disclosure registers.

Shareholders' Data Register at the Clearing Agency

The Company is keen to renew its agreement with Kuwait Clearing Company to keep a special register of its shareholders at the Clearing Agency. Pursuant to this agreement, the Clearing Agency handles all matters related to the Company's shareholders, including, for example:

- Preparing a register of shareholders' names, ID's, number of shares, nationality and address.
- Updating data in the shareholders' register for all trading operations carried out through Boursa Kuwait.
- Taking the procedures for transferring ownership in cases of sale or purchase after the competent authorities' approval.
- Electronic distribution of cash dividends and bonus shares.
- Providing the Company with daily reports on shareholders' balances.
- Providing the Company with reports on received and missing profits.
- Splitting shares up in case of death and issuing and registering new share certificates for heirs.
- Coordinating with the Company to prepare invitations to the General Assembly meetings.
- Shareholders may obtain information and documents related to the Company without prejudice to the laws and instructions issued by the regulatory authorities.

Brief on encouraging shareholders to participate and vote in the Company's Assembly meetings:

The Company encourages all its shareholders to participate in the General Assembly meetings and in all the decisions taken thereby, including the election of the Board of Directors' members. Each class of shareholders shall have the right to attend the General Assembly meetings without paying any attendance fees.

Assembly meetings shall be convened at the invitation of the Board of Directors, based on the rules and regulations issued by the regulatory authorities. General Assembly meetings invitations shall be addressed to the shareholders by the Company with sufficient period before the meeting date and shall indicate all information and data related to the meeting's agenda, especially the reports of the Board of Directors and the auditors, as well as the financial statements

The Company encourages shareholders to participate effectively in the General Assembly meetings, discuss the agenda items and any inquiries related to the various aspects of business and direct related questions to the Board of Directors' members and the external auditors, who shall answer such questions in a manner that does not harm the Company's interests.

Shareholders may access all data contained in the disclosure register of the Board of Directors and Executive Management free of charge.

Rule Nine

Understanding the Role of Stakeholders

Brief on the conditions and policies that ensure protection and recognition of stakeholders' rights:

The Company is committed to protecting the stakeholders' rights and creating benefits and job opportunities by ensuring a stable and strong financial position. As part of the Company's governance framework, a stakeholders' rights protection policy has been developed to ensure that their rights are respected and protected by the Company as stipulated in the relevant regulations and bylaws.

Accordingly, the Company's Board of Directors is responsible for setting standards for protecting stakeholders' rights and updating them, as appropriate, to reflect changes in the provisions of the systems, laws, regulations and instructions issued by the regulatory authorities.

Informing the Board of Directors of any developments in the internal and external environment of the Company is critical, as it enables the Board of Directors to assume responsibility for protecting stakeholders' rights, while enabling the Executive Management, represented by the CEO, to assume responsibility for the daily management of the Company's operations and implementation of its strategy.

The Board of Directors shall be responsible for supervising the Company's affairs, including approving and monitoring the implementation of its strategic objectives, risk management strategy and corporate governance standards. Besides, the Board of Directors shall be responsible for supervising the Executive Management performance, either directly through the Board itself or indirectly through its affiliated committees. It shall further set a clear framework for managing and supervising the Company's operations through the key policies of the Company.

Brief on encouraging stakeholders to participate in the follow-up of the Company's various activities:

The Company is keen to understand stakeholders' expectations and requirements, taking into account the interests of external and internal parties, including current and potential shareholders, customers, regulatory authorities, employees, suppliers, the community and competitors, etc. Mabanee shall also provide effective and transparent communication methods in a timely manner.

Mabanee provides some communication channels to deliver essential information to internal and external parties, including traditional and digital means, e.g., the Company's official website and social media websites. The Company shall accurately disclose all essential information to Boursa Kuwait and the Capital Markets Authority in a timely manner in accordance with the requirements of the Capital Markets Authority and other regulatory authorities.

Mabanee shall observe the principles of transparency by providing information about its performance through annual and quarterly periodic reports in both Arabic and English, which shall be prepared in accordance with the rules of the Capital Markets Authority, Boursa Kuwait and other regulatory authorities. The Investor Relations section on the Company's official website contains the key information about the Company's performance. The corporate governance section includes all disclosures and information related to governance principles, such as the Articles of Association, Memorandum of Association, etc. The sustainability section contains reports on sustainability and thought leadership, which cover the most important information about the Company and its contributions to serving the community.

The Company is also committed to providing space and time for stakeholders, especially shareholders, to express their inquiries through the annual General Assembly meetings, where they communicate with the financial analysts through the quarterly investor conference.

The Company is keen to remain in contact with the public to ensure providing them with accurate and timely information about its achievements and performance. It further enhances communication between its

employees in all states where it operates, through formal and informal communication channels, with special emphasis on enhancing dialogue among employees. Communication channels include the Internet, employees' notifications, newsletters, news screens and visual and audio communication, with a view to unifying the vision and understanding of the Company's objectives and principles and ensuring its vision's consistency and appropriateness in all states where it operates.
The Company also ensures that all laws, regulations and instructions related to protecting stakeholders' rights are well observed and expect stakeholders to fulfill their obligations as governed by concluded contracts and the laws and regulations issued by the relevant regulatory authorities.

Rule Ten

Performance Enhancement and Improvement

Brief on the implementation of the requirements for developing mechanisms that allow Members of the Board of Directors and Executive Management to continuously attend training programs and courses:

The Company's Board of Directors is committed to carrying out the tasks and responsibilities assigned thereto. The Executive Management, the Secretary, and the Board's affiliated committees collaborate to plan a work program that includes time for assessing various topics and offering comments and approvals as required.
Through the Nominations and Remuneration Committee, the Company's Board of Directors reviews the performance of its members and the Executive Management's members. Based on this review, orientation and proposed development programs are developed to improve performance. The Board of Directors and the Executive Management are keen to participate in these programs to express their recognition of the value of development and learning, especially where they serve the Company's interests.

Brief on the evaluation of the Board's performance as a whole, as well as the performance of each member of the Board of Directors and the Executive Management:

The main objective of the Board of Directors' annual evaluation is to enhance the way the Company operates. The Board of Directors' members express the interests of shareholders and other stakeholders, so the annual evaluation of the Board brings great value to the Company as a whole, while the Board of Directors seeks to achieve meaningful and actionable results.
The policy and mechanisms for evaluating the members of the Board of Directors, its affiliated committees and the Executive Management of the Company have been developed based on the optimal annual evaluation procedure. This evaluation should elaborate on the contribution of each member to achieve the Company's objectives and evaluate the work of the Committees in compliance with the rules and regulations of the Capital Markets Authority.
The evaluation policy has been developed based on objective qualitative and quantitative indicators in line with the Governance Rules listed in Book Fifteen of the Executive Regulations issued by the Capital Markets Authority.

Brief on the efforts exerted by the Board to create corporate values within the Company's employees, through achieving strategic goals and improving key performance indicators:

The Board of Directors is mainly focused on creating value for shareholders in the form of increased profits and maintaining continuous cash flows. The Board of Directors works to increase shareholders' contribution to their work and enhance the overall effectiveness of meetings; to ultimately increase business value and competitive edge. The Board of Directors' participation shall conform to the applicable standards.
The Board of Directors creates value by improving the effectiveness of its performance, by discussing its mandates and explaining the importance of business strategy, the impact of the regulatory environment and crisis management, how to enhance performance and contribution by each member, and how to make decisions and set guidelines to ensure implementing these decisions in a more efficient manner.
The Board of Directors' mandate is based on proper understanding of its responsibilities, building a balanced and appropriate structure and increasing cooperation between the Board of Directors and the Executive Management. One of the common working areas of the Board work and that of the Executive Management is to emphasize commitment to the Company's strategy, vision, and objectives and to the Code of Ethics and the behaviors outlining the Company's identity. The Board of Directors also devotes sufficient time through all means of communication to managing crises and emergencies.

Rule Eleven

Focus on the Importance of Social Responsibility

Brief on the development of a policy that ensures a balance between the Company and Society's objectives:

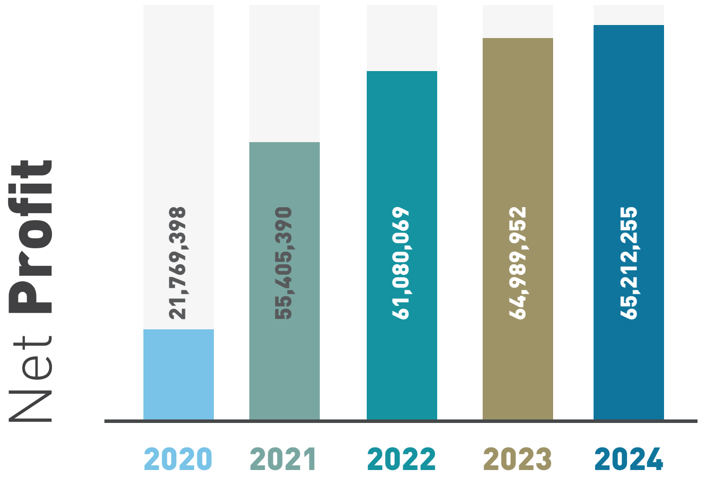
The Corporate Social Responsibility (CRS) Policy aligns sustainability goals with the Company's objectives and strategy and ensures that the Company is focused on achieving sustainable development throughout the region and in line with the community's goals. CRS also emphasizes the Company's commitment to achieving sustainable growth as well as social and economic development, while ensuring that its business processes are monitored and relevant to societal boundaries and that challenges are efficiently addressed.
To this end, the Company provides and focuses on the following:
• Capacity building
• Empowering youth and women
• Social innovation
• Job opportunities
• Reducing poverty
• Addressing various social problems
• Supporting small projects
• Opening new horizons that serve the various categories of society
• Mitigating the impacts of the prevailing negative phenomena
• Contributing to voluntary charitable initiatives
• Protecting the environment from pollution and other environmental damage
• Designing the company's activities in line with the economic and cultural situation of society
• Supporting and encouraging national labor and enhancing its competitive competencies
The Company confirms its commitment to achieving the related UN sustainable development goals. The company also conducts an annual review to ensure commitment to major developments in the field of sustainability in line with the latest developments related to rapid changes and progress in real estate projects and the associated socio-economic development.

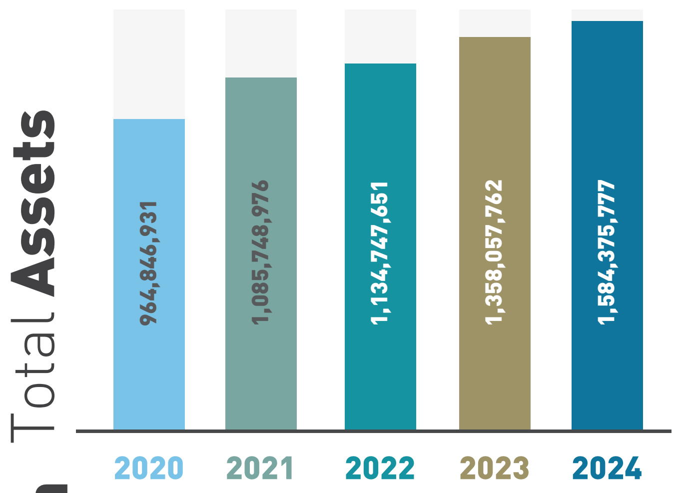
Brief on the Program and the mechanisms adopted to highlight the Company's efforts in the field of social work and events :

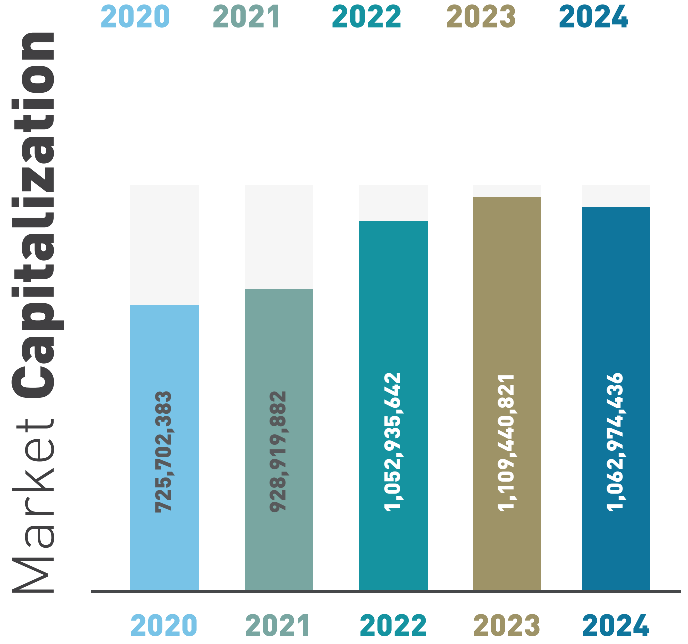
- The "I am Gifted 5 " Exhibition, under the slogan "Peace", in cooperation with the Public Authority for People with Disabilities.
- "We Plant Hope", a Breast Cancer Awareness Event.
- Celebrating the National holidays with many special events launched by The Avenues as part of the national celebrations.
- "Her Story is Kuwaiti" exhibition to celebrate inspiring Kuwaiti female entrepreneurs on the International Kuwaiti Women's Day.
- "Bloom Market" hosts the first eco-friendly exhibition.
- Holding special events for the "Khaleeji 26" championship, attended by a large audience, as part of the State's plan to celebrate hosting the 26th edition of the Arabian Gulf Cup Championship.
- The Avenues Summer Festival
- The Avenues Summer Exhibition
- Shopping Marathon 2024.
- Organizing many awareness and cultural campaigns in cooperation with government authorities and public benefit organizations.

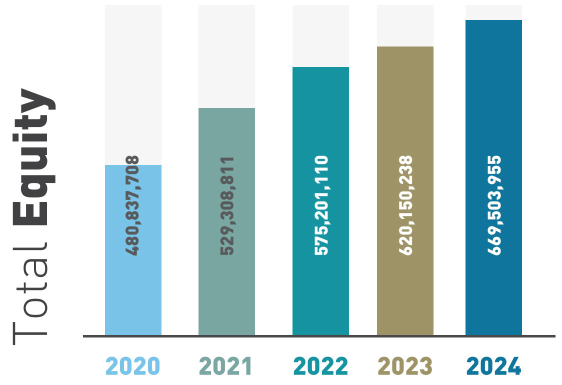
FINANCIAL **HIGHLIGHTS**

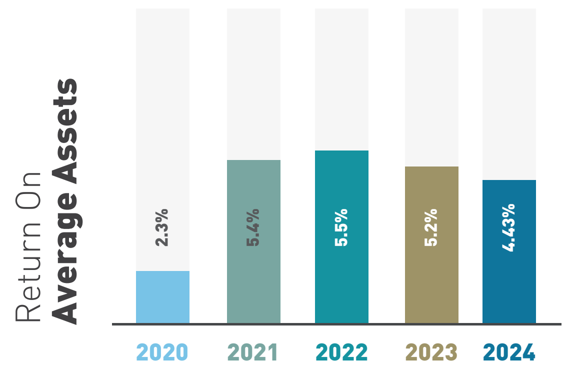
FINANCIAL
HIGHLIGHTS

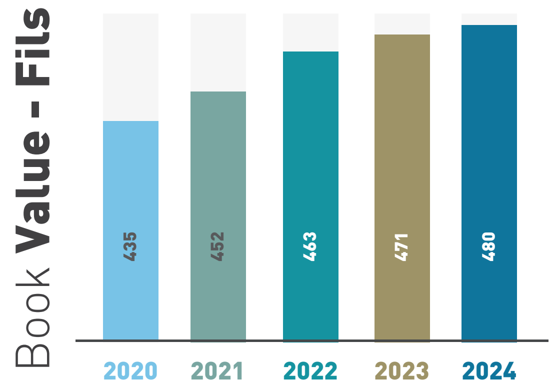


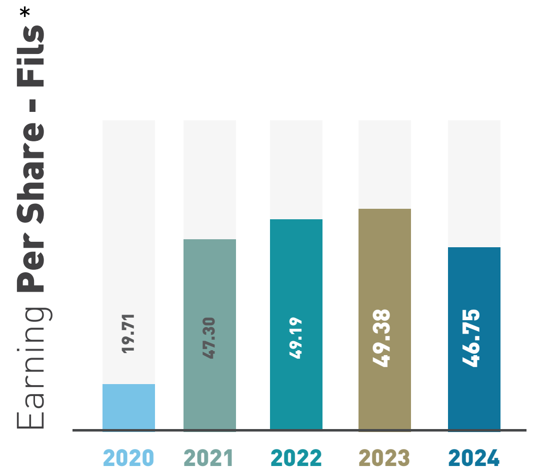




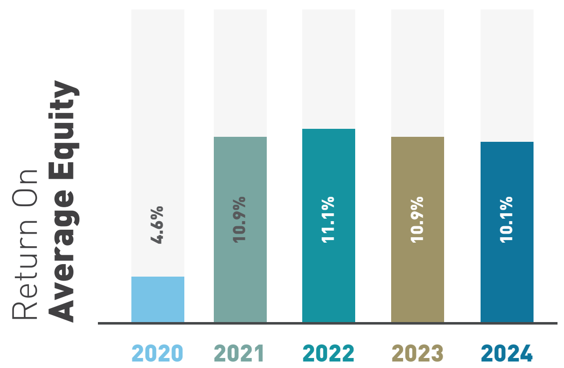


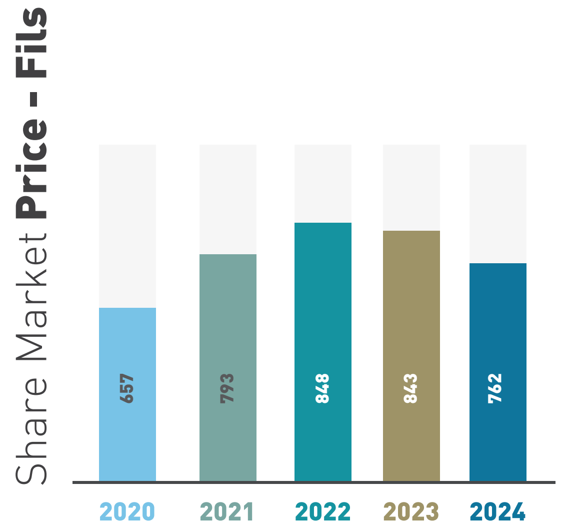


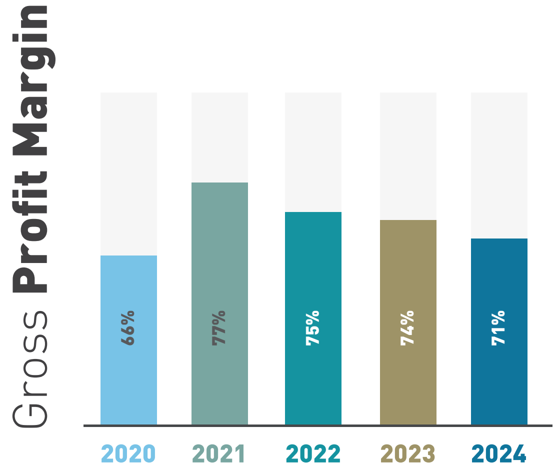


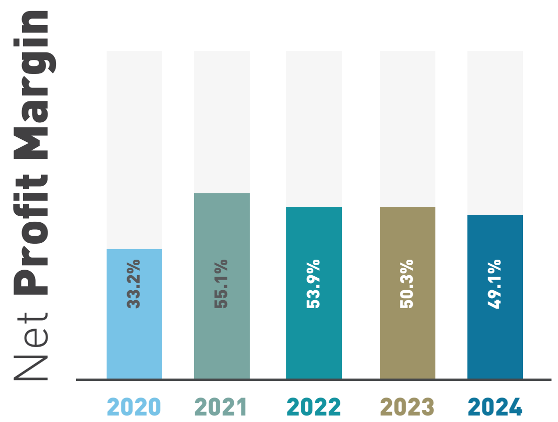


* The Earnings per share for the previous years have not been adjusted to account for the bonus shares issued in 2024.









CONSOLIDATED FINANCIAL STATEMENTS **& INDEPENDENT AUDITORS' REPORT 31 DECEMBER 2024**

Deloitte.

Deloitte & Touche
Al-Wazzan & Co.
Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174 Safat 13062 or
P.O. Box 23049 Safat 13091 Kuwait
Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080
www.deloitte.com

EY
Building a better
working world
Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74 18–20th Floor, Baitak Tower
Ahmed Al Jaber Street Safat Square 13001, Kuwait
Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mabanee Company K.P.S.C. (the "Parent Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognition - Lease

The Group recognised revenue from leases of KWD 98,288,949 during the year.

ISAs require us to consider the risk of fraud in revenue recognition. There is an inherent risk related to lease revenue given the significance of revenue from leasing business and the large number of tenants with different lease terms, including fixed and variable lease payments, escalation clauses and lease term renewal options. These terms involve a certain degree of management judgement in applying the straight-line basis of revenue recognition for lease income. Consequently, we have considered revenue recognition relating to leases as a key audit matter.

The lease revenue recognition policy is given in the accounting policies section of the notes (2.5.16) to the consolidated financial statements and related disclosures are included in note 16 to the consolidated financial statements.

In responding to this key audit matter, our audit procedures included the following:

- Understood the process, evaluated the design and implementation and tested the operating effectiveness of the internal controls over lease revenue recognition.
- Evaluated the relevant IT systems and the design and operating effectiveness of controls over the IT environment.
- Understood, evaluated and tested the Group's accounting policies and procedures for identifying, measuring and accounting for leases against the requirements of IFRS Accounting Standards, our understanding of the business and related industry practice.
- Assessed the accuracy and completeness of the lease information included in the consolidated financial statements.
- Considered whether the Group's lease recognition policies and procedures have been implemented consistently from one period to the next and whether all leases were recognized in the consolidated financial statements.
- Performed substantive test of details and data analytics procedures to confirm whether lease revenue was recognised based on the actual contractual terms.
- Evaluated the disclosures relating to revenue to determine if they are in compliance with the requirements of IFRS Accounting Standards..

Other information included in the Annual Report of the Group for the year ended 31 December 2023

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on

the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion..

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

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

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

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche - Al-Wazzan & Co.

Abdulkarim Alsamdan
Licence No. 208A
EY
Al-Aiban, Al-Osaimi & Partners

27 January 2025
Kuwait

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Notes	Kuwaiti Dinars	
		2024	2023
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	140,966,439	145,142,971
Investment properties	4a	1,123,571,653	895,775,100
Investments in associates	5	57,283,913	53,256,704
Right of use assets	6	23,238,607	19,562,860
Advance payments and prepayments	7	59,296,170	53,705,184
Investment securities		1,853,939	1,910,251
		1,406,210,721	1,169,353,070
CURRENT ASSETS			
Receivables from associates	25	407,843	1,074,012
Accounts receivable and other assets	8	33,261,248	23,753,677
Cash and bank balances	9	138,051,356	163,877,003
		171,720,447	188,704,692
Asset held for sale	4b	6,444,609	-
		178,165,056	188,704,692
TOTAL ASSETS		1,584,375,777	1,358,057,762
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	139,515,566	131,618,459
Share premium	10	16,505,381	16,505,381
Statutory reserve	10	83,083,024	76,170,749
Voluntary reserve	10	83,083,024	76,170,749
Treasury shares reserve		42,442	-
Foreign currency translation reserve		7,131,106	4,577,837
Fair value reserve		(1,372,145)	(1,338,876)
Other reserves	10	(2,028,657)	(2,028,657)
Retained earnings		343,544,214	318,474,596
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		669,503,955	620,150,238
NON-CONTROLLING INTEREST	10	83,440,637	80,698,985
TOTAL EQUITY		752,944,592	700,849,223
NON-CURRENT LIABILITIES			
Provision for staff indemnity		6,389,332	4,054,863
Finance from banks	13	580,487,318	507,864,377
Lease liabilities	12	13,222,774	9,011,328
Other non-current liabilities	11	56,430,625	37,746,886
		656,530,049	558,677,454
CURRENT LIABILITIES			
Lease liabilities	12	8,822,644	8,789,840
Finance from banks	13	106,481,753	40,328,629
Accounts and other payables	14	59,596,739	49,412,616
		174,901,136	98,531,085
TOTAL LIABILITIES		831,431,185	657,208,539
TOTAL EQUITY AND LIABILITIES		1,584,375,777	1,358,057,762

The accompanying notes 1 to 27 are an integral part of these consolidated financial statements.

MOHAMMAD ABDULAZIZ ALSHAYA
Chairman

CONSOLIDATED STATEMENT OF INCOME – FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Kuwaiti Dinars 2024	Kuwaiti Dinars 2023
REVENUE			
Revenue from investment properties	16	115,242,474	115,167,571
Revenue from hotel operations	17	17,583,863	15,132,660
		132,826,337	130,300,231
COST OF REVENUE			
Investment properties expenses	18	(25,660,471)	(23,425,184)
Depreciation on investment properties	4	(11,339,809)	(11,337,709)
Hotel operation's expenses		(12,209,781)	(11,441,665)
Depreciation on hotel properties	3	(4,343,915)	(5,295,104)
		(53,553,976)	(51,499,662)
GROSS PROFIT		79,272,361	78,800,569
General and administrative expenses	19	(6,787,075)	(4,493,454)
Finance costs		(13,417,777)	(12,002,974)
Other income		8,858,294	6,114,889
Share of results from associates	5	793,450	237,306
PROFIT FOR THE YEAR BEFORE DISTRIBUTIONS		68,719,253	68,656,336
Contribution to KFAS		(683,158)	(684,941)
Contribution to NLST		(1,783,809)	(1,735,357)
Contribution to Zakat		(713,524)	(692,089)
Directors' fees	20	(730,000)	(730,000)
PROFIT FOR THE YEAR		64,808,762	64,813,949
ATTRIBUTABLE TO:			
Equity holders of the Parent Company		65,212,255	64,989,952
Non-controlling interests		(403,493)	(176,003)
		64,808,762	64,813,949
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	21	46.75 fils	46.59 fils

The accompanying notes 1 to 27 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – FOR THE YEAR ENDED 31 DECEMBER 2024

	Kuwaiti Dinars 2024	Kuwaiti Dinars 2023
PROFIT FOR THE YEAR	64,808,762	64,813,949
OTHER COMPREHENSIVE INCOME (LOSS) :		
Items that will not be reclassified to consolidated statement of income in subsequent periods: Changes in fair value of investments at fair value through other comprehensive income ("FVOCI")	(33,269)	2,723
Items that are or may be reclassified subsequently to consolidated statement of income:		
Exchange differences on translating foreign operations	961,492	(1,437,721)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	928,223	(1,434,998)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	65,736,985	63,378,951
ATTRIBUTABLE TO		
Equity holders of the Parent Company	67,732,255	63,322,014
Non-controlling interest	(1,995,270)	56,937
	65,736,985	63,378,951

The accompanying notes 1 to 27 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – FOR THE YEAR ENDED 31 DECEMBER 2024

	Kuwaiti Dinars												
	Share Capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Foreign currency translation reserve	Fair value reserve	Other reserves	Retained earnings	Sub total	Non-controlling interest	Total equity
AS AT 1 JANUARY 2023	124,168,358	16,505,381	69,287,515	69,287,515	-	10,778	6,248,498	(1,341,599)	(972,684)	292,007,348	575,201,110	78,628,651	653,829,761
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	64,989,952	64,989,952	(176,003)	64,813,949
Other comprehensive (loss) income for the year	-	-	-	-	-	-	(1,670,661)	2,723	-	-	(1,667,938)	232,940	(1,434,998)
Total comprehensive income for the year	-	-	-	-	-	-	(1,670,661)	2,723	-	64,989,952	63,322,014	56,937	63,378,951
Dividends for 2022 (Note 10)	-	-	-	-	-	-	-	-	-	(17,379,955)	(17,379,955)	-	(17,379,955)
Non-controlling interest contribution plan (Note 10)	-	-	-	–	-	-	-	-	-	-	-	957,424	957,424
Transfer to reserves	-	-	6,883,234	6,883,234	-	-	-	-	-	(13,766,468)	-	-	-
Treasury shares reserve transfer	-	-	-	-	-	(73,820)	-	-	-	73,820	-	-	-
Issue of Bonus Shares (Note 10)	7,450,101	-	-	-	-	-	-	-	-	(7,450,101)	-	-	-
Purchase of treasury shares	-	-	-	-	(355,862)	-	-	-	-	-	(355,862)	-	(355,862)
Sale of treasury shares	-	-	-	-	355,862	63,042	-	-	-	-	418,904	-	418,904
Effect of acquiring additional share in a subsidiary (Note 22)	-	-	-	-	-	-	-	-	(1,055,973)	-	(1,055,973)	1,055,973	-
AS AT 31 DECEMBER 2023	131,618,459	16,505,381	76,170,749	76,170,749	-	-	4,577,837	(1,338,876)	(2,028,657)	318,474,596	620,150,238	80,698,985	700,849,223
AS AT 1 JANUARY 2024	**131,618,459**	**16,505,381**	**76,170,749**	**76,170,749**	-	-	**4,577,837**	**(1,338,876)**	**(2,028,657)**	**318,474,596**	**620,150,238**	**80,698,985**	**700,849,223**
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	65,212,255	65,212,255	(403,493)	64,808,762
Other comprehensive income (loss) for the year	-	-	-	-	-	-	2,553,269	(33,269)	-	-	2,520,000	(1,591,777)	928,223
Total comprehensive (loss)/Income for the year	-	-	-	-	-	-	2,553,269	(33,269)	-	65,212,255	67,732,255	(1,995,270)	65,736,985
Dividends for 2023 (Note 10)	-	-	-	-	-	-	-	-	-	(18,420,980)	(18,420,980)	-	(18,420,980)
Issue of Bonus Shares (Note 10)	7,897,107	-	-	-	-	-	-	-	-	(7,897,107)	-	-	-
Transfer to reserves	-	-	6,912,275	6,912,275	-	-	-	-	-	(13,824,550)	-	-	-
Purchase of treasury shares	-	-	-	-	(319,340)	-	-	-	-	-	(319,340)	-	(319,340)
Sale of treasury shares	-	-	-	-	319,340	42,442	-	-	-	-	361,782	-	361,782
Non-controlling interest contribution plan (Note 10)	-	-	-	-	-	-	-	-	-	-	-	4,736,922	4,736,922
AS AT 31 DECEMBER 2024	139,515,566	16,505,381	83,083,024	83,083,024	-	42,442	7,131,106	(1,372,145)	(2,028,657)	343,544,214	669,503,955	83,440,637	752,944,592

The accompanying notes 1 to 27 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS – FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Kuwaiti Dinars	
		2024	2023
OPERATING ACTIVITIES			
Profit for the year before contribution to KFAS, NLST, Zakat and Directors' fee		68,719,253	68,656,336
Adjustments for:			
Depreciation	3 & 4	16,770,313	17,539,762
Depreciation on rights of use assets	6	8,575,203	7,820,532
Provision for staff indemnity		2,370,478	885,049
Net (loss) gain on investment securities		(1,049)	13,818
Finance costs		13,417,777	12,002,974
Bank deposit income		(8,503,122)	(4,553,789)
Share of results from associates	5	(793,450)	(237,306)
		100,555,403	102,127,376
Movements in operating assets and liabilities:			
Receivable from associates		666,169	(865,937)
Accounts receivable and other assets		(12,666,940)	(8,272,788)
Accounts and other payables		(11,610,051)	(492,637)
Other non-current liabilities		-	(8,448,173)
CASH FLOWS GENERATED FROM OPERATIONS		76,944,581	84,047,841
Payment of staff indemnity		(140,858)	(316,881)
KFAS, NLST, Zakat and Directors' fees paid		(3,110,727)	(2,919,921)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		73,692,996	80,811,039
INVESTING ACTIVITIES			
Additions to property and equipment	3	(1,246,901)	(1,671,757)
Additions to investment properties and advance paid to sub-contractor	4 & 7	(168,520,787)	(116,461,525)
Investment in term deposit in excess of three months		23,253,422	(121,428,405)
Proceeds from sale of investment securities		24,092	-
Dividend income received from investment in associates	5	275,978	-
Bank deposit income received		4,368,293	2,756,796
Additional investment in associates	5	(3,395,239)	(9,851,259)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(145,241,142)	(246,656,150)
FINANCING ACTIVITIES			
Finance from banks obtained		172,880,127	219,244,146
Finance from banks repaid		(35,193,876)	(60,010,440)
Repayment of lease liabilities	12	(8,705,218)	(8,895,055)
Repayment of interest of lease liabilities		(700,549)	(701,714)
Dividends paid	10	(18,420,980)	(17,267,131)
Funding from non-controlling interest to a sibsidiary	10	4,736,922	957,424
Purchases of treasury shares		(319,340)	(355,862)
Proceeds from sale of treasury shares		361,782	418,904
Prepayment of bank fees		(4,747,261)	-
Finance costs paid		(40,318,566)	(25,140,236)
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES		69,573,041	108,250,036
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,975,105)	(57,595,075)
Effect of foreign currency translation		(597,120)	324,161
Cash and cash equivalents at beginning of the year		12,702,598	69,973,512
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9	10,130,373	12,702,598

	Notes	Kuwaiti Dinars	
		2024	2023
MATERIAL NON-CASH TRANSACTIONS:			
OPERATING ACTIVITIES			
Other non-current liabilities		**18,683,739**	11,433,616
Accounts and other payables		**21,315,181**	12,969,932
INVESTING ACTIVITIES			
Additions to property and equipment		**-**	680,921
Additions to investment properties and advances paid to sub-contractor		**(35,554,312)**	(24,403,548)
Right-of-use assets		**(12,256,439)**	(7,814,230)
FINANCING ACTIVITIES			
Finance from banks		**1,089,814**	(77,111)
Lease liabilities		**13,650,017**	8,936,874

The accompanying notes 1 to 27 are an integral part of these consolidated financial statements.

1. Establishment and principal activities

Mabanee Company K.P.S.C (the "Parent Company") is a Kuwaiti Shareholding Company and was established and registered in Kuwait in 1964. The objectives of the Parent Company are as follows:

- Construction of buildings in prefabricated units and carrying out other construction works. For doing the same, the Parent Company may:
  - Establish factories and plants in order to achieve its objectives.
  - Trade in all materials, tools and machines associated with the nature of its business.
  - Carry out construction works.
  - Investing in construction, reconstruction and housing operations.
- Establish buildings, shopping malls, commercial exhibitions, stores, and different warehouses for own use and for use of others', as well as sale, rent, manage and maintenance of those owned by others.
- Export, and import all types of materials, tools, equipment and others that are related to nature of the Parent Company's activity.
- Own, sale, and purchase of real estate properties and lands and developing them for the Parent Company's account inside and outside the State of Kuwait, as well as management of third parties' properties, all with no prejudice to the provisions set out in the applicable laws, which prohibit trading in private residential plots as stipulated by virtue of such laws.
- Own, sale, and purchase of shares and bonds of the real estate companies for the benefit of the Parent Company inside and outside Kuwait only.
- Prepare studies, provide consultations in real estate fields (of all types) provided that the service provider should meet the required conditions.
- Own, manage, lease, and rent hotels, health clubs and touristic utilities.
- Carry out all maintenance work related to buildings and real estate owned by the company and others, including steel and aluminium works, maintenance work, civil works, including sanitary works, paints, mechanical, electrical, elevators and air conditioning works including extensions and spare parts, and other complementary works for buildings and constructions to ensure the preservation of buildings and their safety.
- Manage, operate, invest, rent and lease hotels, health clubs, motels, hosting houses, rest places, parks and gardens, exhibitions, restaurants, cafes, residential complexes, touristic and health resorts, entertainment and sport projects, and shops of all levels and classes including all main and sub services, in addition to related utilities and other services.
- Organize real estate exhibitions for the Parent Company's real estate projects according to the regulations adopted in the ministry.

- Holding real estate auctions.
- Own and manage commercial shopping malls and residential complexes.
- Develop and manage real estate investments funds only rather than the other types of carrying out utilizations and investment of funds for others.
- Utilize the Parent Company's financial surpluses through investment in financial and real estate portfolios managed by specialized authorities.
- Direct contribution to the development of infrastructure for residential, commercial and industrial areas and projects under BOT and management of real estate facilities under BOT.

The Parent Company may carry out similar, complementary business or works that are essential or related to its business. The Parent Company may carry out the above business in the state of Kuwait or outside by itself or through agency. The Parent Company may establish its branches inside and outside State of Kuwait. Also, the Parent Company may have an interest or be involved in any way with the entities that are engaged in similar activities or that may assist the Parent Company in achieving its objectives in Kuwait and abroad. The Parent Company may also buy these entities or merge with them.
The Parent Company is listed on the Boursa Kuwait.

The Parent Company is an associate of Alshaya United Company W.L.L and National Industries Group (Holding) K.P.S.C. The registered address of the Parent Company is P.O. Box 5132, Safat 13052, Kuwait.

These consolidated financial statements were approved for issuance in accordance with a resolution of the Board of Directors on 27 January 2025 and are subject to the approval of shareholders at the Annual General Assembly.

2. Basis of preparation and material accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared under the historical cost basis of measurement except for financial instruments classified as investment securities at fair value through profit and loss ("Investments at FVTPL") and investment securities at fair value through other comprehensive income ("Investments at FVOCI"), which are measured at fair value.
These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is also the Group's functional and presentation currency.
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).
The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas where estimates and assumptions are significant to the consolidated financial statements, or areas involving a higher degree of judgment, are disclosed in Note 27.

2.2 Going concern

The Board of Directors have, at the time of approving these consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 New and revised accounting standards

Effective for the current year

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) - The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee. The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions.

- Amendments to IAS 1 - The amendments to IAS 1 clarify that the classification of liabilities as current or non-current is based on rights that exists at the end of the reporting period to defer the settlement of liability for at least twelve months from the end of the reporting period, irrespective of whether the entity expects to exercise its right or not. The rights are considered to be in existence if covenants are complied with at the end of the reporting period. The amendments also clarify that right to defer settlement of liability is not affected by the covenants that are required to be complied after the end of the reporting period. However, additional disclosure requirements apply for such liabilities.
- Amendments to IAS 7 and IFRS 7 - The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2024 did not have any material impact on the accounting policies, financial position or performance of the Group.

2.4 Standards issued but not yet effective

The following IFRS have been issued but are not yet effective and have not been early adopted by the Group. The Group intends to adopt them when they become effective.

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025 (early adoption is available)
Presentation and disclosures in financial statements ((IFRS 18	In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.	Annual periods beginning on or after 1 January 2027 (early adoption is available)

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

2.5 Summary of significant accounting policies

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

2.5.1 Basis of consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an investee is stated at the non-controlling interest's proportionate share in the recognized amounts of the investee's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination.

Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Parent Company's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and income. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full. If the Parent Company loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of income.

2.5.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated cost of bringing the asset to a working condition for its intended use. Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis as mentioned below.

Buildings	10-50 years
Fixture and office equipment	5 years
Tools and motor vehicles	3 years

Freehold land is not depreciated.

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Gains and losses on retirement or disposal of assets are included in the consolidated statement of income.

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Costs are those expenses incurred by the Group that are directly attributable to the construction of asset and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use. The carrying values of properties in the course of construction are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

2.5.3 Investment properties

Investment property includes land and buildings held to earn rentals and/or for capital appreciation and is measured initially at its cost, including transaction costs. Freehold land is carried at cost which is deemed to have an indefinite life; accordingly, it is not subject to depreciation.

Subsequent to initial recognition, investment property other than land is measured at cost less accumulated depreciation, and any impairment losses. The carrying amounts are reviewed at each statement of financial position date on an individual basis to assess whether they are recorded in excess of their recoverable amount. Provisions for impairment losses, if any, are made where carrying values exceed the recoverable amount.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period in which the property is derecognised.

Properties under development are carried at cost less any impairment in value. Costs are those expenses incurred by the Group that are directly attributable to the construction of asset. The carrying values of properties under development are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

2.5.4 Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and share in net assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in its carrying value. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The most recent available financial statements of the associate is used in applying the equity method. When, the financial statements of an associate used in applying the equity method are prepared as of a date different from that used by the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. The difference between the ends of the respective reporting periods is no more than three months and their respective lengths are the same from period to period. If an associate uses accounting policies other than those of the entity for like transactions and events in similar circumstances, adjustments are made for the associate's accounting policies to conform to those of the Group.

Amounts lent to associates which represents residual rights on wind-up are added to the cost of the associates. Where a Group entity transacts with an associate of the Group, profits or losses from the transactions are eliminated to the extent of the Group's interest in the relevant associate.

2.5.5 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so much so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.5.6 Recognition and de-recognition of financial assets and financial liabilities

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership of the financial asset, or when it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and when it no longer retains control over the asset. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

1- the carrying amount of the liability before the modification; and

2- the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

2.5.7 Classification of financial assets and financial liabilities

IFRS 9 requires financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at Fair Value through Profit or Loss. The Group's business model is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on

the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.
Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').
'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.
The Group classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost (AC)
- Investment securities at FVTPL
- Investment securities at FVOCI

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

Cash and bank balances, Lease and other receivables from lessees, Other receivables in the nature of financial assets and receivables from associates are classified as debt instruments at amortised cost.

Investment securities at FVTPL

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Equity securities are classified as FVTPL unless the Group has made an irrevocable designation of FVOCI on the date of initial recognition of the equity instruments. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Investment securities at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Equity instruments at FVOCI are subsequently measured at fair value. Gains and losses on these equity instruments are never recycled to consolidated statement of income. Dividends are recognised in statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity .

Debt instruments at FVOCI:

The Group measure debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

Debt instruments at FVOCI are subsequently measured at fair value and gains and losses arising due to changes in fair value are recognised in other comprehensive income. Interest income and foreign exchange gains or losses are recognised in the consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of profit or loss. The management of the Group classifies certain unquoted debt instruments under debt instruments at FVOCI.

2.5.8 Impairment of financial assets

The Group recognizes expected credit losses (ECL) on financial assets that are measured at amortized cost in accordance with IFRS 9. The amount of expected credit losses is updated at consolidated statement of financial position date.

The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions. The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group always recognises lifetime expected credit losses (ECL) for lease and other amounts receivable from lessees. The expected credit losses on these are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.
For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1) the financial instrument has a low risk of default;
2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Event of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

General approach

The Group recognizes ECL for bank balances, receivable from associates and other receivables in the nature of financial assets using the general approach.

The Group applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

The Group incorporates forward-looking information based on expected changes in macro- economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2024

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

Simplified approach

The Group applies simplified approach to measuring credit losses for Lease and other amounts receivable from lessees. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

2.5.9 Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

The fair value of financial instruments other than short term financial instruments carried at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rates for similar financial instruments.

2.5.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets such as investment properties & property and equipment, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated statement of income in the year in which they are incurred.

2.5.11 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued and subsequently reacquired by the Parent Company and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any losses in excess are charged to retained earnings and then to reserves. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.5.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.5.13 Provision for staff indemnity

The Group is liable to make defined contributions to State Plans and lump sum payments under defined benefit plans to employees at cessation of employment, in accordance with the laws of the place where they are deemed to be employed. The defined benefit plan is unfunded and is computed as the amount payable to employees as a result of involuntary termination on the statement of financial position date. This basis is considered to be a reliable approximation of the present value of the final obligation.

2.5.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current account balances with banks and term deposits with original maturity of three months or less are classified as cash and cash equivalents in the consolidated statement of cash flows.

2.5.15 Revenue recognition

Services income

The Group earns revenue from maintenance, security, advertising, logistics and other services. Revenue from services is recognised as the Group satisfies the performance obligation by transferring the promised services to the customer.

Lease revenues

Revenues from leased units as per the policy - 2.5.16 leases.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income

Interest income is recognised using the effective interest method by reference to the principal outstanding and the interest rate applicable.

Revenue from hotel operations

The Group generates hospitality income from its owned hotels. These include revenues from room occupancies, food and beverages sales and other services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from its hospitality operations:

a. Identifying performance obligations in a bundled contract

The Group provides certain hospitality services to its customers as part of a single arrangement and these arrangements may include various performance obligations that represents performing a contractually agreed-upon task(s) for a customer. The Group determined that each of these performance obligations are capable of being distinct as these services are separately identifiable from other obligations in the contract and the customer can benefit from each service on its own. Furthermore, the Group also determined that the promises of such services are distinct within the context of each contract, the transaction price is determined separately based on each obligation and these services are not highly interdependent or highly interrelated. The transaction prices is allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, the Group estimates separate transaction price for each performance obligation based on expected cost-plus margin.

b. Determine transaction price

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

c. Determining the timing of satisfaction of services

The Group concluded that revenue from room occupancy is recognized at point over time in the accounting period when the services are rendered, revenue from food and beverages sales to its customers is recognised at point in time when the obligations are performed and other hotel revenue is recognized when such services are rendered.

d. Principal versus agent considerations

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

2.5.16 Leases

The Group as lessor

Rental income from operating leases and related arrangement fees are recognised on a straight-line basis over the term of the relevant lease.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change

is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the years presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.
The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in the consolidated statement of comprehensive income. Refer to the accounting policy in section 2.5.5 'Impairment of non-financial assets'.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'General and administrative expenses' in the consolidated statement of income. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.5.17 Foreign currencies

Transactions denominated in foreign currencies are translated into KD at rates of exchange prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated into KD at rates of exchange prevailing at the statement of financial position date. The resultant exchange differences are taken to the consolidated statement of income. Translation differences on non-monetary items, such as equities classified as fair value through other comprehensive income assets are included in the investment fair valuation reserve in equity.

The income of foreign operations are translated into the Parent Company's reporting currency at average exchange rates for the year and their statement of financial position are translated at exchange rates ruling at the year-end. Exchange differences arising from the translation of the net investment in foreign operations (including goodwill, long term receivables or loans and fair value adjustments arising on business combinations) are taken to the consolidated statement of comprehensive income. When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of income as part of the gain or loss on sale.

2.5.18 Offsetting of financial instruments

Financial assets and liabilities are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2.5.19 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders and the regulator.

2.5.20 National Labour Support Tax (NLST)

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, cash dividends from listed companies which are subjected to NLST are deducted from the profit for the year for computing the NLST.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2024

2.5.21 Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year, in accordance with the calculation based on the Foundation's Board of Directors resolution, which states that the Board of Directors' remuneration and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

2.5.22 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group computed in accordance with Law No. 46 of 2006 and the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

2.5.23 Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

2.5.24 Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset, and the sale expected to be completed within one year from the date of the classification. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3. Property and equipment

	Kuwaiti Dinars				
	Land	Buildings	Fixture and office equipment	Tools and motor vehicles	Total
COST					
At 1 January 2023	5,648,073	140,055,283	17,297,744	1,047,374	164,048,474
Additions	-	176,234	1,216,072	279,451	1,671,757
Disposals	-	-	-	(1,885)	(1,885)
Reassessment of paid WIP cost	-	(680,921)	-	-	(680,921)
Foreign currency translation	470	281	3,183	598	4,532
At 31 December 2023	5,648,543	139,550,877	18,516,999	1,325,538	165,041,957
Additions	-	-	1,220,975	25,926	1,246,901
Foreign currency translation	1,409	842	11,929	719	14,899
AT 31 DECEMBER 2024	**5,649,952**	**139,551,719**	**19,749,903**	**1,352,183**	**166,303,757**
ACCUMULATED DEPRECIATION					
At 1 January 2023	-	4,427,634	8,601,800	677,365	13,706,799
Charge for the year	-	3,939,188	2,092,466	170,399	6,202,053
Disposals	-	-	-	(1,885)	(1,885)
Foreign currency translation	-	53	(8,188)	154	(7,981)
At 31 December 2023	-	8,366,875	10,686,078	846,033	19,898,986
Charge for the year	-	3,012,239	2,268,245	150,020	5,430,504
Foreign currency translation	-	4,158	3,091	579	7,828
AT 31 DECEMBER 2024	**-**	**11,383,272**	**12,957,414**	**996,632**	**25,337,318**
CARRYING AMOUNT					
AT 31 DECEMBER 2024	**5,649,952**	**128,168,447**	**6,792,489**	**355,551**	**140,966,439**
At 31 December 2023	5,648,543	131,184,002	7,830,921	479,505	145,142,971

Depreciation charge amounting to KD 4,343,915 (31 December 2023: KD 5,295,104) has been allocated to cost of revenue for the hotels and the remaining has been charged to general and administrative expenses.

4. Investment properties

4a Investment properties

	Kuwaiti Dinars	
	2024	2023
COST		
At beginning of the year	1,011,503,760	867,734,520
Additions	243,353,086	143,675,240
Foreign currency translation	2,227,885	94,000
Transfer to asset held for sale (Note 4b)	(6,444,609)	-
	1,250,640,122	1,011,503,760
ACCUMULATED DEPRECIATION		
At beginning of the year	(115,728,660)	(104,390,951)
Charge for the year	(11,339,809)	(11,337,709)
	(127,068,469)	(115,728,660)
CARRYING AMOUNT	1,123,571,653	895,775,100
ANNUAL DEPRECIATION RATES	2% - 3.33%	2% - 3.33%

INVESTMENT PROPERTIES COMPRISE OF THE FOLLOWING:

	Kuwaiti Dinars	
	2024	2023
KUWAIT		
Completed properties	463,758,477	474,067,327
Properties under development	1,985,246	902,376
Owned land	1,371,115	7,815,724
	467,114,838	482,785,427
KSA		
Properties under development	495,253,619	257,509,109
Owned land*	156,164,882	155,480,564
	651,418,501	412,989,673
BAHRAIN		
Owned land	5,038,314	-
	5,038,314	-
	1,123,571,653	895,775,100

The additions mainly represent cost amounting to KD 236,212,386 (31 December 2023: KD 142,772,864) incurred in the development of property projects of "Kingdom of Saudi Arabia" ("KSA"). This includes borrowing cost of KD 29,935,512 (31 December 2023: KD 15,713,169) capitalized during the year at a capitalization rate of 4.46% to 6.28% (31 December 2023: 3.79% to 5.56%).
The additions include amount of KD 4,736,922 representing amounts paid by the non-controlling shareholder's towards the investment properties development during the year (31 December 2023: KD 957,424).

Management has estimated the economic useful life for the Avenues Mall, Kuwait, to be 50 years.

*Owned land in KSA amounting to KD 156,164,882 (31 December 2023: KD 110,509,877) has been pledged with banks (Note 13).

The fair value of the properties in Kuwait, owned land in KSA, hotels (Note 3) and asset held for sale at the consolidated statement of financial position date was estimated to be KD 1,493,987,572 (31 December 2023: KD 1,386,649,994) excluding the payment of properties under development in KSA, which represents a total of KD 495,253,619 (31 December 2023: KD 257,509,059).

The fair values of investment properties are based on valuations performed by accredited independent valuers; for Kuwait properties, one of these appraisers is a local bank and the other is a local reputable accredited appraiser, and for KSA properties, the valuer is a local reputable accredited appraiser. The valuation is based on acceptable methods of valuation such as sales comparison, income capitalization and market comparable methods. As the significant valuation inputs used are based on unobservable market data these are classified under level 3 fair value hierarchy. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. During the year, there were no transfers between the levels.

Revenues and expenses pertaining to investment properties are disclosed under Notes 16 and 18 respectively.

4b Asset held for sale

During the year, one of the Group's subsidiary has entered into a binding agreement to sell the freehold interest in a land in State of Kuwait with a carrying value of KD 6,444,609. As per the agreement terms, the Group has received an advance payment of KD 2,000,000 from the buyer and has offered the buyer a condition to fulfil all the financing arrangements by March 31, 2025, against the total deal value of KD 28,000,000 and to transfer the control of the land. The binding agreement met the requirement of reclassification as asset held for sale under IFRS 5.

5. Investment in associates

Name of associates	Principal activity	Place of incorporation and operation	Ownership interest and voting power		Carrying Value	
			2024 %	2023 %	2024	2023
Injaz Mabanee Real EstateCompany W.L.L. (IMRECO)	Real estate development and investments	Kuwait	40	40	20,889,201	20,894,010
J3 For Management and Development of Lands and Real Estate W.L.L. (J3)	Real estate development and investments	Kuwait	35	35	10,809,630	9,435,358
Al Sorouh Residence W.L.L. (ASR)	Real estate development and management of residential building	Bahrain	35	35	1,669,547	1,676,371
Al Sorouh Hospitality Development Real Estate W.L.L. (ASH)	Real estate development and management of commercial & industrial centres building	Bahrain	35	35	4,134,818	4,131,606
Al Sorouh Management Company W.L.L (ASM)	Real estate development and management of commercial & industrial centres & residential building	Bahrain	35	35	19,780,717	17,119,359
					57,283,913	53,256,704

The movement in investments in associates are as follows:

	Kuwaiti Dinars	
	2024	2023
Balance at 1 January	53,256,704	43,300,716
Increase in investment	3,395,239	9,851,259
Group's share of results from associates	793,450	237,306
Foreign currency translation reserve	114,498	(132,577)
Dividend income received	(275,978)	-
Balance at 31 December	57,283,913	53,256,704

The summarised financial information in respect of the management accounts of the associates as at and for the year ended 31 December is as follows:

	Kuwaiti Dinars									
	ASM		J3		IMRECO		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Current assets	7,401,430	11,771,806	4,787,541	6,374,538	14,256	15,217	3,391,287	3,799,805	15,594,514	21,961,366
Non-current assets	115,801,798	91,352,926	137,292,963	99,489,172	66,510,690	66,510,690	26,078,546	26,498,190	345,683,997	283,850,978
Current liabilities	(9,119,207)	(6,352,797)	(1,987,309)	(3,616,810)	(7,453)	-	(2,780,317)	(1,833,838)	(13,894,286)	(11,803,445)
Non-current liabilities	(57,567,686)	(47,859,482)	(109,208,539)	(77,992,770)	-	-	(10,110,280)	(11,874,580)	(176,886,505)	(137,726,832)
Accounting policy adjustments *	-	-	-	-	(430,026)	(425,464)	-	-	(430,026)	(425,464)
EQUITY	56,516,335	48,912,453	30,884,656	24,254,130	66,087,467	66,100,443	16,579,236	16,589,577	170,067,694	155,856,603
GROUP'S ADJUSTMENT ON ASSOCIATE'S EQUITY	-	-	-	-	(5,545,783)	(5,545,783)	-	-	(5,545,783)	(5,545,783)
Group's carrying amount in the investment	19,780,717	17,119,359	10,809,630	9,435,358	20,889,204	20,894,010	5,804,365	5,807,977	57,283,916	53,256,704
REVENUE	7,470,561	7,317,570	394,887	-	-	-	3,267,857	3,105,451	11,133,305	10,423,021
PROFIT FOR THE YEAR	1,983,812	1,370,807	390,460	(1,818)	(12,022)	(273,008)	(93,534)	(378,963)	2,268,716	717,018
GROUP'S SHARE OF PROFIT FOR THE YEAR	694,334	479,782	136,661	(636)	(4,809)	(109,203)	(32,736)	(132,637)	793,450	237,306

* The investment property included in the books of account of one of the associates is carried at fair value. Appropriate adjustments have been made to the share of results from the associate to comply with the Group's accounting policy.

The Group's 35% equity interest in J3 has been pledged to secure the loans obtained by the associate to finance the underling projects. This pledge corresponds to the Group's shareholding in the associate and is intended solely as collateral for the associate's financial obligations. The pledge does not impact the Group's ability to exercise its rights as a shareholder and the Group is actively monitoring the associate's project progress and ensure compliance with the loan terms.

6. Right of use assets

	Building	Leasehold land	Total
COST			
At 1 January 2023	2,537,796	27,725,793	30,263,589
Additions	75,864	7,738,366	7,814,230
Disposals	(13,799)	-	(13,799)
Foreign currency translation	(3,690)	-	(3,690)
At 31 December 2023	2,596,171	35,464,159	38,060,330
Additions *	-	12,256,439	12,256,439
Disposals	(37,589)	-	(37,589)
Foreign currency translation	(6,566)	-	**(6,566)**
AT 31 DECEMBER 2024	**2,552,016**	**47,720,598**	**50,272,614**
ACCUMULATED DEPRECIATION			
At 1 January 2023	1,007,074	9,704,028	10,711,102
Charge for the year	340,782	7,479,750	7,820,532
Foreign currency translation	(34,164)	-	(34,164)
At 31 December 2023	1,313,692	17,183,778	18,497,470
Charge for the year	350,811	8,224,392	8,575,203
Disposals	(29,757)	-	(29,757)
Foreign currency translation	(8,909)	-	(8,909)
At 31 December 2024	**1,625,837**	**25,408,170**	**27,034,007**
CARRYING AMOUNT			
At 31 December 2024	**926,179**	**22,312,428**	**23,238,607**
At 31 December 2023	1,282,479	18,280,381	19,562,860

*During the year, a subsidiary of the Group has met the conditions as per the Build Operate Transfer ("BOT") contract defined in the Public Private Partnership agreement with Public Authority for Housing Welfare, Kuwait. The conditions subsequent to this agreement initiates the financial conditions and compensation clause to the authority, accordingly the Group has recognized the accounting towards the leasehold rights.

During the year, the Parent Company was awarded a tender from the Touristic Enterprise Company to operate and manage a seafront resort located in Kuwait for a period of 17 years. To facilitate the execution of this contract, the Parent Company issued a letter of guarantee amounting to KD 3,834,000 in favor of the Touristic Enterprise Company and an advance payment of KD 1,278,000 was made, which has been recognized within accounts and other receivables until the contract is completed and the actual date for operating the resort is determined. On 4 July 2024, the Parent Company signed the contract with the Touristic Enterprise Company. However, as of the reporting date, the actual date for the Parent Company to take possession of the assets subject to the contract and begin operations has not been determined. According to the contract with the Touristic Enterprise Company, the lease term will commence from the date when the site preparations are complete within the stipulated period of 16 months from handover to the Parent Company or the operation's start date, whichever is earlier. The Parent Company is currently engaged in handover procedures with the Touristic Enterprise Company. Other financial effects and accounting matters related to the right of use of the contract and lease liability will be recognized in the subsequent financial period when the handover process is complete.

Certain investment properties in Kuwait are constructed on a leasehold land - Note (4).

The Group has leased land, building and office space for commercial use. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The maturity analysis of lease liabilities is presented in Note 12. The total cash outflow for leases during the current year amount to KD 8,705,218 (31 December 2023: KD 8,895,055).

Amount recognized in Consolidated Statement of income is:

	Kuwaiti Dinars	
	2024	2023
Depreciation expense on right-of-use assets (included in General and administrative expenses) (Note 19)	350,811	340,782
Depreciation expense on right-of-use assets (included in investment properties expenses) (Note 18)	8,124,614	7,479,750
	8,475,425	7,820,532

7. Advance payments and prepayments

	Kuwaiti Dinars	
	2024	2023
Advance payment to contractors	48,309,927	47,091,412
Prepayments	9,817,233	5,531,604
Others	1,169,010	1,082,168
	59,296,170	53,705,184

8. Accounts receivable and other assets

	Kuwaiti Dinars	
	2024	2023
Gross lease and other amounts receivable from lessees	18,059,610	12,353,854
Less: ECL	(1,694,245)	(1,694,245)
Net lease and other amounts receivable from lessees	16,365,365	10,659,609
Monetary financial assets	3,534,735	1,436,027
VAT receivables	11,080,412	4,801,749
Advances to contractors and suppliers	1,599,184	6,290,636
Prepayments	681,552	565,656
	33,261,248	23,753,677

The maximum exposure to credit risk at the consolidated statement of financial position date is the fair value of each class of receivable as mentioned in Note 25.

The balances representing lease and other amounts receivable from lessees are partially secured against security deposits and letter of guarantees (Note 11). Group has the contractual right to set off the defaulted amounts against security deposits received from lessee.

9. Cash and bank balances

	Kuwaiti Dinars	
	2024	2023
Cash in hand	52,751	68,419
Current and call account with banks	9,857,592	10,963,670
Deposits with original maturities up to three months	220,030	1,670,509
Cash and cash equivalent for consolidated statement of cash flows	10,130,373	12,702,598
Deposits with original maturities after three months	127,920,983	151,174,405
	138,051,356	163,877,003

Deposits are placed with local and regional commercial banks denominated in Kuwaiti Dinars and Saudi Riyals. The effective interest rates on these deposits as at 31 December 2024 were 4.05% to 6.30% (31 December 2023: 4.05% to 6.30%) per annum.
The carrying amount of Group's cash and bank balances are denominated in the following currencies represented in equivalent Kuwaiti Dinars:

	Kuwaiti Dinars	
	2024	2023
Kuwaiti Dinars	10,670,920	11,681,170
US Dollars	3,891	113,822
Saudi Riyal	127,040,340	151,237,662
Other currencies	336,205	844,349
	138,051,356	163,877,003

10. Equity and reserves

Share capital and share premium

The issued and fully paid up share capital of the Parent Company as at 31 December 2024 is KD 139,515,566 consisting of 1,395,155,663 shares of 100 fils each which has been recorded in the commercial register of the Ministry of Commerce and Industry on 9 March 2024 (31 December 2023: KD 131,618,459 consisting of 1,316,184,588 shares of 100 fils each). Share premium represents the excess over the nominal value collected on the issue of shares and is not available for distribution.
Accordance with the resolution of the Extraordinary Assembly General meeting held on March 9, 2023, the authorized capital of the Parent Company was approved to become KWD 155,000,000 (one hundred and fifty-five million Kuwaiti Dinars only) distributed over 1,550,000,000 shares, and the commercial register has been updated during the year with the increase in authorized capital.

Dividends

The Ordinary General Assembly meeting of the shareholders held on 7 March 2024 approved cash dividend of 14 fils per share and 6% bonus shares for the year ended 2023 (2022: 14 fils per share of dividends and 6% of bonus shares). The cash dividend paid during the year amounted to KD 18,420,980 (2022: KD 17,379,955). The bonus shares increased the number of issued and fully paid shares by 78,971,075 shares (2022: KD 74,501,014 shares) and share capital by KD 7,897,107 (2022: KD 7,450,101).
The Board of Directors have proposed the distribution of 14% cash dividend amounting to 14 fils per share of the paid-up capital as at 31 December 2024 to the registered shareholders as of the date of regulatory approval and 6% bonus shares amounting to KD 8,370,934 in the ratio of 6 shares for every 100 shares totaling to 83,709,340 shares to the registered shareholders on the date of regulatory approval for distribution of bonus shares. This proposal is subject to the approval of shareholders at the annual general assembly.

Statutory reserve

In accordance with the Companies Law No. 1 of 2016 and the Parent Company's Articles of Association, 10% of the profit for the year before KFAS, NLST, Zakat and Directors' fees has been transferred to statutory reserve. This percentage will be transferred each year until this reserve exceeds 50% of the share capital. Distribution of

this reserve is limited to the amount required to enable the payment of a dividend upto a maximum of 5% of share capital in years when retained earnings are not sufficient for payment of such dividend.

Voluntary reserve

In accordance with the Parent Company's Articles of Association, 10% of the profit for the year before KFAS, NLST, Zakat and Directors' fees has been transferred to the voluntary reserve. This is a "voluntary reserve" according to Article 46 of the Parent Company. This transfer may be discontinued by a resolution adopted by the annual general assembly as recommended by the Board of Directors. There are no restrictions on distributions from the voluntary reserve.

Treasury shares

During the year, the Parent Company has sold all the treasury shares and the resultant balance is reported in the treasury share reserve in the consolidated statement of financial position.

	31 December 2024 (Audited)	31 December 2023 (Audited)
Number of treasury shares	919	-
Percentage of share capital	0.00007%	-
Cost (Kuwaiti Dinars)	-	-
Market value (Kuwaiti Dinars)	700	-

Other reserves

Other reserves are on account of purchase of additional shares in Group's subsidiary Shomoul Holding Company L.L.C in previous years from non-controlling interest other equity shareholders.

Non-controlling interest

During the year, the amount paid by minority shareholder amounted to KD 4,736,922 (2023: KD 957,424) in line with the contribution plan to fund the project in KSA.
The subsidiary have agreed that such amounts are payable at the option of the subsidiary. Accordingly, it has been classified within non-controlling interest under equity.

11. Other non-current liabilities

	Kuwaiti Dinars	
	2024	2023
Security deposits	22,394,873	22,036,918
Retention payables	34,035,752	15,709,968
	56,430,625	37,746,886

12. Lease liabilities

	Kuwaiti Dinars	
	2024	2023
Current	8,822,644	8,789,840
Non-current	13,222,774	9,011,328
	22,045,418	17,801,168

	Building	Leasehold land	Total
AT 1 JANUARY 2023	1,608,068	16,852,995	18,461,063
Additions	66,292	7,448,613	7,514,905
Finance costs charged to profit or loss	62,730	638,984	701,714
Lease payments	(389,924)	(8,505,131)	(8,895,055)
Rent relief	(13,799)	-	(13,799)
Foreign currency translation	32,340	-	32,340
AT 31 DECEMBER 2023	1,365,707	16,435,461	17,801,168
Additions	-	12,256,439	12,256,439
Finance costs (charged to profit or loss and capitalized)	55,695	644,854	700,549
Lease payments	(190,087)	(8,515,131)	(8,705,218)
Rent relief / derecognize	(9,947)	-	(9,947)
Foreign currency translation	2,426	-	2,426
AT 31 DECEMBER 2024	1,223,794	20,821,623	22,045,417

Maturity analysis:

	Kuwaiti Dinars	
	2024	2023
Year 1	8,822,644	8,789,840
Year 2	409,005	8,215,038
Year 3	752,468	284,709
Year 4	987,273	284,709
Year 5	874,601	216,896
Above 5 years	10,199,427	9,976
	22,045,418	17,801,168

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2024

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. The carrying amounts of the Group's lease liabilities are denominated in Kuwaiti Dinars and Emirati Dirhams.

13. Finance from banks

	Kuwaiti Dinars	
	2024	2023
Non-current murabaha and islamic finance	580,487,318	507,864,377
	580,487,318	507,864,377
Current bank overdraft facilities	22,693,821	3,039,726
Current murabaha and islamic finance	83,787,932	37,288,903
	106,481,753	40,328,629
	686,969,071	548,193,006

	Kuwaiti Dinars	
	2024	2023
Finance from Banks in KWD	361,468,108	373,968,162
Finance from Banks in SAR equivalent to KWD	325,500,963	171,185,118
	686,969,071	545,153,280

The following assets has been pledged to the lender banks against the obtained finance from banks.

	Kuwaiti Dinars	
	2024	2023
Owned land in KSA (Note 4)	156,164,882	110,509,877
	156,164,882	110,509,877

The pledge land has a project being constructed with a carrying value of KD 495,253,619 (31 December 2023: KD 257,509,109) as of reporting date.

14. Accounts and other payables

	Kuwaiti Dinars	
	2024	**2023**
Accounts payables	**3,547,164**	1,322,840
Retentions payable	**2,370,056**	3,647,327
Payable to contractors & project accruals	**21,760,270**	13,594,549
Deferred income	**2,299,249**	625,066
Rent received in advance	**4,321,606**	5,218,484
Payable to Zakat and NLST	**2,470,732**	2,399,185
Payable to KFAS	**683,158**	684,941
Dividend payables	**745,571**	822,724
Other payables	**21,398,933**	21,097,500
	59,596,739	49,412,616

15. Segment reporting

The Group is organised into functional divisions in order to manage its various lines of business. The reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance and is reconciled to the Group's profit or loss. Segment performance is evaluated based on operating profit or loss as explained in the table below. The Group has following reportable segments:

- Construction and real estate operations: consist of leasing of properties, real estate development, projects leasing and the construction activity for self or others.
- Hotel operations: consist of the hotel services provided through Hilton Garden Inn Hotel and Waldorf Astoria Hotel, Kuwait.

	Kuwaiti Dinars							
	Construction and real estate investment		Hotel operations		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Segment revenue	**116,035,924**	115,404,877	**17,583,863**	15,132,660	**8,858,294**	6,114,889	**142,478,081**	136,652,426
Segment expenses	**(54,660,348)**	(49,629,446)	**(16,553,696)**	(16,736,769)	**(6,455,275)**	(5,472,262)	**(77,669,319)**	(71,838,477)
Segment results	**61,375,576**	65,775,431	**1,030,167**	(1,604,109)	**2,403,019**	642,627	**64,808,762**	64,813,949
Segment assets	**1,436,216,470**	1,206,582,669	**139,581,588**	142,973,320	**8,577,719**	8,501,773	**1,584,375,777**	1,358,057,762
Segment liabilities	**823,788,218**	650,209,974	**5,638,104**	5,396,594	**2,004,863**	1,601,971	**831,431,185**	657,208,539

	Kuwaiti Dinars							
	Kuwait		Saudi Arabia		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Segment revenue	**140,512,037**	134,644,986	**193,801**	166,375	**1,772,243**	1,841,065	**142,478,081**	136,652,426
Segment expenses	**(74,927,857)**	(70,213,323)	**(2,251,750)**	(640,096)	**(489,712)**	(985,058)	**(77,669,319)**	(71,838,477)
Segment results	**65,584,180**	64,431,663	**(2,057,949)**	(473,721)	**1,282,531**	856,007	**64,808,762**	64,813,949
Segment assets	**861,127,171**	876,232,986	**685,566,946**	446,649,330	**37,681,660**	35,175,446	**1,584,375,777**	1,358,057,762
Segment liabilities	**446,432,341**	454,625,423	**382,784,944**	200,787,853	**2,213,900**	1,795,263	**831,431,185**	657,208,539

16. Revenue from investment properties

The details of revenue relating to construction and real estate investments (Note 4) are:

	Kuwaiti Dinars	
	2024	**2023**
Lease income from investment properties	**90,957,076**	90,899,295
Income from services	**10,122,753**	9,761,377
Arrangement fees	**371,359**	713,002
Advertising services	**8,653,282**	7,949,707
Others	**5,138,004**	5,844,190
	115,242,474	115,167,571
Timing of revenue recognition:		
Revenue recognised point in time	**5,138,004**	5,844,190
Revenue recognised at point over time	**19,147,394**	18,424,086

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group. The lessee does not have an option to purchase the property at the expiry of the lease period.

17. Revenue from hotel operations

The hospitality operations relate to two Hotels (Hilton Garden Inn and Waldorf Astoria) connected to the "The Avenues" commercial mall in Kuwait. The Hotels are owned by Al Rai Real Estate Company S.P.C. (the "Owner"), a subsidiary of the Group and both are managed by Hilton Worldwide Inc. (the "Operator") under the terms of a Management Agreement dated 23 August 2016 (the "Management Agreement").

	Kuwaiti Dinars	
	2024	**2023**
Income from rooms bookings	**10,503,524**	8,912,352
Food and beverages	**5,505,964**	4,748,648
Others	**1,574,375**	1,471,660
	17,583,863	15,132,660
Timing of revenue recognition:		
Revenue recognised point in time	**17,583,863**	15,132,660

18. Investment properties expenses

The details of expenses relating to construction and real estate investment (Note 4) are:

	Kuwaiti Dinars	
	2024	**2023**
Depreciation expense on right of use assets (Note 6)	**8,124,614**	7,479,750
Repairs and maintenance	**6,194,154**	6,065,147
General operating expenses	**11,341,703**	9,880,287
	25,660,471	23,425,184

19. General and administrative expenses

	Kuwaiti Dinars	
	2024	2023
Staff costs	1,992,852	1,356,260
Depreciation on property and equipment (Note 3)	1,086,589	906,949
Depreciation of rights of use of assets (Note 6)	350,811	340,782
Direct rent expense	63,124	108,152
Other costs	3,293,699	1,781,311
	6,787,075	4,493,454

20. Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group management.

Balances with related parties included in the consolidated statement of financial position are as follows:

	Kuwaiti Dinars	
	2024	2023
RIGHT OF USE ASSETS		
Office premises	552,117	674,809
ACCOUNTS RECEIVABLE AND PREPAYMENTS		
Lease and other receivables from lessees	109,900	720,691
Receivables from associate		
On demand	407,843	1,074,012
The amount receivable is interest free.		
LEASE LIABILITIES	610,988	733,636
ASSETS		
Property and equipment/Capital work in progress	297,874	181,826
ACCOUNTS AND OTHER PAYABLES		
Rent received in advance		
Within one year	1,398,216	741,962

TRANSACTIONS

Transactions with related parties included in the consolidated statement of income are as follows:

	Kuwaiti Dinars	
	2024	2023
Revenue	16,790,004	17,949,443
Expenses	130,700	678,901
Management fees (Included in investment properties revenue)	1,385,185	1,335,387

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2024

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the year were as follows:

	Kuwaiti Dinars	
	2024	2023
Salaries and other short-term benefits	1,363,135	1,078,008
Termination benefits	1,210,079	123,936
	2,573,214	1,201,944

DIRECTORS FEE

The Directors fee of KD 730,000 (2023: KD 730,000) is subject to the approval of shareholders at the Annual General Assembly. The Ordinary General Assembly meeting of the shareholders held on 9 March 2024 approved the director fee of KD 730,000 for the year ended 31 December 2023.

21. Basic and diluted earnings per share

Basic and diluted earnings per share is computed by dividing profit for the year attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year.

There are no potential dilutive ordinary shares. The information necessary to calculate basic earnings per share based on the weighted average number of shares outstanding during the year is as follows:

	Kuwaiti Dinars	
	2024	2023
Profit for the year attributable to equity holders of the Parent Company	65,212,255	64,989,952
	Shares	
Weighted average number of outstanding shares during the year:		
Issued shares*	1,395,155,663	1,395,155,663
Treasury shares**	(176,088)	(121,930)
Total	1,394,979,575	1,395,033,733
Basic and diluted earnings per share	46.75 fils	46.59 fils

* Weighted average number of outstanding issued shares include retrospective adjustment for the number of shares for bonus shares issued in 2024. Earnings per share have been adjusted to account for the bonus shares issued in 2024 (Note 10).

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

22. Subsidiaries

Details of the Group's subsidiaries at 31 December 2024 are as follows:

Name of subsidiary	Place of Incorporation	Proportion of ownership interest and voting power		Principal activities
		2024 %	2023 %	
Kuwait Prefabricated Building Company S.P.C.	Kuwait	**100**	100	General trading and contracting
Al-Rai Real Estate Company S.P.C.	Kuwait	**100**	100	Investments in real estate
The Second Mabanee for General Trading and Contracting Company S.P.C.	Kuwait	**100**	100	Investments, general trading and contracting
The Avenues Holding Company K.S.C. (Closed)	Kuwait	**100**	100	Investments
Fifth Ring Road Company S.P.C.	Kuwait	**100**	100	Investments, general trading and contracting
Mabanee Egypt for Real Estate Development Ltd.	Egypt	**100**	100	Investment in real estate
Mabanee Bahrain Company W.L.L.	Bahrain	**100**	100	Investment in real estate
The Avenues for Publication, Advertising, Distribution and Technical Production Company S.P.C. (Held via The Avenues Holding Company K.S.C.(Closed)	Kuwait	**100**	100	Advertising, publishing, distribution and art production
Al-Rai Logistica K.S.C. (Closed)	Kuwait	**98.2**	98.2	Warehousing facilities, construction and management
Shomoul Holding Company L.L.C.	Kingdom of Saudi Arabia	**80**	80	Investment in real estate
S3 Project Company for Management and Development of Lands and Real Estate Company S.P.C.	Kuwait	**100**	100	Investment in real estate
Mabanee AlRai Real Estate Company S.P.C.	Kingdom of Saudi Arabia	**100**	100	Investment in real estate
Second Mabanee Property Management Company S.P.C.	Kingdom of Saudi Arabia	**100**	100	Investments, general trading and contracting

Summarised financial information in respect of Shomoul Holding Company L.L.C that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup elimination.

	Kuwaiti Dinars	
	2024	2023
PARTICULARS		
Current Assets	**11,870,503**	7,931,972
Non-current Assets	**673,696,443**	438,717,357
Current liabilities	**(22,931,831)**	(13,673,353)
Non-current liabilities	**(359,853,112)**	(187,114,500)
Equity attributable to owners of the Company	**(219,480,277)**	(165,302,945)
Non-controlling interests	**(83,301,725)**	(80,558,531)
Other income	**29,841**	166,375
Expenses	**(2,018,984)**	(640,096)

LOSS FOR THE YEAR	**(1,989,143)**	(473,721)
Loss attributable to the owners of the Company	**(1,591,315)**	(296,869)
Loss attributable to the non-controlling interests	**(397,828)**	(176,852)
LOSS FOR THE YEAR	**(1,989,143)**	(473,721)
Net cash generated from operating activities	**1,056,043**	8,117,520
Net cash investing activities	**(231,864,949)**	(139,195,355)
Net cash generated from financing activities	**228,437,162**	122,478,929
NET CASH OUTFLOW	**(2,371,744)**	(8,598,906)

23. Commitments and contingent liabilities

a) Capital commitments outstanding for the Group as at 31 December 2024 is KD 1,067,773,656 (2023: KD 793,571,745).

The Group has secured debt in place to finance the project expansions with the value of the debt undrawn as of December 31, 2024, amounting to KD 513,491,037 (2023: KD 642,724,883) which is part of the debt plan in addition to the shareholder's funding.

b) At 31 December 2024, the Group has given letters of credit, outstanding bank and corporate guarantee amounting to KD 87,378,606 (2023: KD 79,626,765) in the ordinary course of business

24. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of receivable from associates, lease and other amounts receivable from lessees, other receivables in the nature of financial assets, investment securities and cash and bank balances. Financial liabilities consist of lease liabilities, term loans, murabaha payables and trade and other payables.

Fair value

Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of financial instruments that are carried at amortized cost are not significantly different from book value as the majority are short-term in nature. The methods and assumptions used in estimating the fair values of financial instruments are disclosed in note 2 of accounting policies section.
The table below analyses financial instruments carried at fair value by valuation methods. The different levels have been defined as follows:

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

25. Financial instruments risk management

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into interest risk, foreign currency risk and equity price risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process.

Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group is exposed to credit risk on accounts receivable from lessees and others, receivables from associates and balances with banks. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Policies and procedures are in place to perform ongoing credit evaluations of the financial condition of counterparties and customers. The exposure to credit risk on accounts receivables from lessees is limited as the Group has contractual right to set the defaulted amounts against security deposits received from customers. The current accounts are placed with banks with high credit ratings assigned by reputed external credit rating agencies and has low credit risk.

The maximum exposure to credit risk on the Group's financial assets at the reporting date was:

	Kuwaiti Dinars	
	2024	2023
Receivables from associates	407,843	1,074,012
Accounts receivables & other assets	11,130,785	6,491,373
Current and call accounts with banks and term deposits with banks	137,998,605	163,808,584
	149,537,233	171,373,969

The following table contains an analysis of the maximum credit risk exposure of financial instruments for which an ECL allowance is applied:

	Kuwaiti Dinars						
	31 December 2024				31 December 2023		
	Approach	Gross carrying amount at default	ECL	Net carrying amount	Gross carrying amount at default	ECL	Net carrying amount
Current and call account with banks	General	9,857,592	-	9,857,592	10,963,670	-	10,963,670
Deposits with original maturities up to three months	General	220,030	-	220,030	1,670,509	-	1,670,509
Deposits with original maturities after three months	General	127,920,983	-	127,920,983	151,174,405	-	151,174,405
Lease and other amounts receivable from lessees	Simplified	18,059,610	(1,694,245)	16,365,365	12,353,854	(1,694,245)	10,659,609
Other accounts receivables in nature of financial assets	General	3,534,735	-	3,534,735	1,436,027	-	1,436,027
VAT receivables	General	11,080,412	-	11,080,412	4,801,749	-	4,801,749
Receivables from associates	General	407,843	-	407,843	1,074,012	-	1,074,012
		171,081,205	(1,694,245)	169,386,960	183,474,226	(1,694,245)	181,779,981

Credit risk from bank balances is limited because the counterparty is reputable financial institution with appropriate credit-ratings assigned by international credit-rating agencies and VAT receivable is receivable from government authorities with less credit risk.

Impairment on bank balances has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Company considers that its bank balances to have low credit risk based on the external credit ratings of the counterparties.

All financial assets for which ECL is computed under General approach are considered to be of good quality and classified under Stage 1.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2024

The following table shows the movement in the loss allowance that has been recognised for lease and other amounts receivable from lessees:

	Kuwaiti Dinars	
	2024	2023
Opening	1,694,245	1,781,680
Net movement in loss allowance	-	(87,435)
Closing	1,694,245	1,694,245

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its commitments. The Group manages liquidity risk by maintaining adequate cash and bank balances and borrowing facilities and by continuously monitoring forecast and actual cash flows. The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2024 and 2023, based on contractual payment dates:

31 December 2024	Kuwaiti Dinars			
	Within 3 months	3 to 12 months	1 to 7 Years	Total
Finance from banks	27,499,778	104,643,171	778,825,371	910,968,320
Other non-current liabilities	-	-	56,430,625	56,430,625
Lease liabilities	244,988	9,281,586	17,635,305	27,161,879
Trade and other payables	37,452,235	22,144,504	-	59,596,739
Total liabilities	65,197,001	136,069,261	852,891,301	1,054,157,563
Commitments	94,331,465	608,769,936	364,672,256	1,067,773,657

31 December 2022	Kuwaiti Dinars			
	Within 3 months	3 to 12 months	1 to 7 Years	Total
Finance from banks	11,968,770	57,477,573	644,327,483	713,773,826
Other non-current liabilities	-	-	37,746,886	37,746,886
Lease liabilities	220,761	9,170,592	9,489,761	18,881,114
Trade and other payables	26,807,451	21,904,550	-	48,712,001
Total liabilities	38,996,982	88,552,715	691,564,130	819,113,827
Commitments	99,143,378	366,245,820	328,182,547	793,571,745

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Group manages this risk by diversifying its investments.The Group exposure to equity price risk is immaterial.

Interest rate risk

Interest rate risk arises from the risk that future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from its exposure to interest bearing liabilities, which are at floating rates and pegged to Central Bank of Kuwait Discount Rate.

The Group monitors its interest rate exposure on a dynamic basis and considers the options for refinancing, renewal of existing positions and alternative financing to limit its losses against adverse movement of interest rates.
At 31 December 2024, if interest rates on borrowings at that date had been 25 basis points higher with all other variables held constant, the profit or interest capitalized to CWIP for the year would have been lower by KD 1,673,012 (31 December 2023: KD 1,363,826). Alternatively, a 25 basis points decrease in interest rates, would have had the equal but the opposite effect on the profit or the interest capitalized to CWIP.

Foreign currency risk
Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Group has expanded its operation in Kingdom of Saudi Arabia and Bahrain and is exposed to foreign currency risk arising mainly from Saudi Riyal, Bahraini Dinar and Emirati Dirham. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

If as at 31 December 2024, Kuwaiti Dinars had weakened by 5% against the Saudi Riyal, Bahraini Dinar and Emirati Dirham with all other variables held constant, the comprehensive income for the year would have been higher by KD 18,580,803 (31 December 2023: KD 13,930,694) mainly as a result of foreign exchange loss on translation of its subsidiaries in the Kingdom of Saudi Arabia and Bahrain. A 5% of strengthening of Kuwaiti Dinars against the Saudi Riyal, Bahraini Dinar and Emirati Dirham would have had the equal but the opposite effect on consolidated statement of comprehensive income.

Currency	Kuwaiti Dinars	
	Effect of Change on other comprehensive income	
	2024	2023
Saudi Riyal	16,840,888	12,293,074
Bahraini Dinar	1,621,761	1,505,533
Emirati Dirham	118,154	132,087
	18,580,803	13,930,694

Operational risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

26. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. Management considers net debt to equity for calculating its gearing ratio. Net debt is total borrowings as shown in consolidated statement of financial position less cash and bank balances. In order to maintain or adjust the capital structure, the Parent Company may increase capital, adjust the amount of dividends paid to shareholders or sell assets to reduce debt. Under the laws of Kuwait, the Parent Company also appropriates 10% of its net profit to a statutory reserve till it exceeds 50% of the share capital, with restrictions on distribution.

	Kuwaiti Dinars	
	2024	2023
Finance from banks (Note 13)	686,969,071	548,193,006
Lease liability (Note 12)	22,045,418	17,801,168
Less: Cash and bank balances (Note 9)	(138,051,356)	(163,877,003)
Net debt	570,963,133	402,117,171
Equity	752,944,592	700,849,223
Total	1,323,907,725	1,102,966,394
Gearing ratio	43%	36%

27. Significant accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Judgments and estimates that are significant to the financial statements are:

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

Impairment of tangible assets and useful lives
The Group reviews the carrying amounts of its tangible assets including 'property and equipment' and 'investment properties' to determine whether there is any indication that those assets have suffered an impairment loss in accordance with accounting policies stated in note 2. The recoverable amount of an asset is determined based on higher of fair value and value in use. The fair valuation is based on sales comparison, income capitalization and market comparable methods and the significant valuation inputs used are based on unobservable market data.

The Group's management determines the useful lives of tangible assets and related depreciation charge. The charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Extension and termination options in lease contracts
Extension and termination options are included in operating leases entered by the Group. These terms are used to maximise operational flexibility in terms of managing contracts. These options held are exercisable both by the Group and the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

MABANEE COMPANY K.P.S.C

P.O. Box 5132 Safat l 13052 Kuwait

+965 222 444 44

www.mabanee.com

2
0
2
4