

# ANNUAL REPORT 2025





**H.H SHEIKH  
MISHAL AL-AHMED  
AL-JABER AL-SABAH**  
AMIR OF THE STATE OF KUWAIT



**H.H SHEIKH SABAH  
AL-KHALED AL-HAMAD  
AL-SABAH**  
CROWN PRINCE OF THE STATE OF  
KUWAIT

**2025**  
**MABANEE  
COMPANY K.P.S.C**

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# BOARD OF DIRECTORS

MOHAMMED ABDULAZIZ ALSHAYA

**CHAIRMAN**

MOHAMMAD ABDULLATEEF ALSHAYA

**VICE CHAIRMAN**

ABDULLAH ABDULLATEEF ALSHAYA

**BOARD MEMBER**

AYMAN ABDULLATEEF ALSHAYA

**BOARD MEMBER**

AZZAM ABDULAZIZ ALFULAIJ

**BOARD MEMBER**

DR. RANA ABDULLAH ALFARES

**BOARD MEMBER**

MOHAMMAD RASHED ALMUTAIRI

**BOARD MEMBER**



## CHAIRMAN'S STATEMENT

### Dear Esteemed Shareholders,

On behalf of the Board of Directors, I would like to extend my sincere gratitude for your continued trust and support. I am pleased to share the Annual Report for the financial year ending on December 31st, 2025, which highlights the company's performance and results, along with updates related to the progress of our developments.

During 2025, our strong performance reaffirmed our strategic direction and our ability to plan for the future. We continued to implement our strategy focused on expansion and asset diversification, with an emphasis on exploring investment opportunities in Kuwait that support economic development and align with the country's priorities and future aspirations.

In 2025 we witnessed several notable achievements, including the opening of the second phase of The Avenues – Bahrain, which introduced exciting new components that enriched the visitor experience. Additionally, Mabaneer signed Kuwait's first Green Loan Agreement for its Souk Sabah project in Sabah Al-Ahmad City.

On the corporate front, Mabaneer was certified as a "Great Place to Work for 2025–2026" in the GCC region, reflecting our strong corporate culture and our success in providing a positive and empowering workplace for our employees.

We also continued to strengthen our Environmental, Social, and Governance (ESG) initiatives, which resulted in an improvement of our MSCI rating from "B" to "BBB", an increase in our S&P Global rating from 30 to 40, and an upgrade in our CSR Hub score after surpassing 60 points.

As part of our commitment to sustainability, four of our projects obtained LEED certifications from the U.S. Green Building Council. The Avenues became the first shopping mall in Kuwait to receive the LEED Gold Certification, while Aventura, Souk Sabah, and The Avenues – Khobar obtained LEED Gold Pre-Certification.

Financially, the company continued to deliver positive solid results, with net profit increasing by 29.7% to reach KD 84.6 million. Our projects also sustained strong operational performance, with The Avenues – Kuwait achieving an occupancy rate of 98%, reaffirming its position as one of the leading retail and entertainment destinations in the GCC.

Both Hilton Garden Inn and Waldorf Astoria, directly connected to The Avenues – Kuwait, also achieved record performance levels, particularly supported by the national initiative 'Visit Kuwait', which aims to stimulate tourism and increase footfall in commercial and hospitality

facilities. We believe that 'Visit Kuwait' represents a successful model of public-private sector collaboration and plays an important role in enhancing Kuwait's position as a leading tourism and leisure destination, while contributing to national economic growth in alignment with the country's future vision.

Regarding our projects currently under development, the first milestone of the residential component of the Aventura project, Aventura Residences, in Jaber Al-Ahmad City is expected to be completed in the first quarter of 2026. Meanwhile, the retail component, Aventura Mall, currently at more than 90% completion, is expected to be completed in the third quarter of 2026.

Souk Sabah in Sabah Al-Ahmad City continues to progress according to plan, with completion expected in the first quarter of 2028. As for Plage 13 (formerly known as Hilton Mangaf Hotel & Resort), our goal is to uplift and transform the project into a premier hospitality and leisure destination attracting visitors both from within and outside Kuwait as well as contributing to the growth of the local tourism sector. Renovation works are progressing, and operations are targeted to begin in the fourth quarter of 2026.

In the Kingdom of Bahrain, The Avenues – Bahrain Phase II was inaugurated under the patronage of His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister. This expansion added 42,000 square meters of gross leasable space in addition to new components.

In the Kingdom of Saudi Arabia, The Avenues – Riyadh, one of the Kingdom's largest development projects, is progressing rapidly and is scheduled to open in the first quarter of 2027, followed by the completion of the five towers in 2028. Meanwhile, The Avenues – Khobar is similarly progressing, with 38% completion achieved, and is expected to open during the first quarter of 2028.

In closing, I extend my sincere appreciation to the Executive Management at Mabaneer for their dedication and commitment. I also extend my deepest gratitude to you, our valued shareholders, for your unwavering trust and continued support.

We look forward to further progress and prosperity for the State of Kuwait under its wise leadership.

**MOHAMMED 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.

## 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.



**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.

# STRATEGIC REVIEW

Mabaneer continues to pursue the implementation of its strategy focused on the expansion and diversification of its business activities and investments. As a leading real estate developer, Mabaneer has successfully delivered several significant regional projects, most notably The Avenues brand. Our portfolio includes a range of distinguished new projects currently under development, which will provide substantial new opportunities for both investors and consumers, while consistently delivering excellent returns for our shareholders.

## OPERATIONAL HIGHLIGHTS 2025

- Mabaneer successfully recorded a net profit of KD 84.6 million, a financial result reflecting positive growth in the company's financial performance.
- Mabaneer signed the first green loan agreement in Kuwait to finance the Souk Sabah (S3) project in Sabah Al-Ahmad City.
- The company continued to achieve high occupancy rates across its projects, with occupancy reaching 98% at The Avenues – Kuwait and 98% at The Avenues – Bahrain Phase I.
- The Avenues – Kuwait, Hilton Garden Inn, and Waldorf Astoria supported the national initiative "Visit Kuwait," aimed at boosting tourism in Kuwait.
- The inauguration of Phase II of The Avenues – Bahrain in November 2025.
- Handover of the Plage 13 project site in April 2025, with renovation works currently underway.
- Mabaneer participated in the Kuwait Career Fair "Watheefi," as part of its strategy to attract high-caliber young talent to its workforce.
- The participation of Second Mabaneer KSA (a subsidiary of Mabaneer) for the second time in a career fair in Khobar, aiming to attract Saudi youth talent to join the company's projects in the Kingdom of Saudi Arabia.
- Mabaneer's participation in the 3rd Kuwait Public-Private Partnership (PPP) Conference.
- Mabaneer's participation in the 3rd Gulf Housing Week.
- The Avenues - Kuwait, The Avenues - Riyadh, and The Avenues - Khobar were showcased at MAPIC, an international real estate exhibition in Cannes, France.
- "The Avenues" projects were showcased at the Real Estate Future Forum 2025 in Riyadh, KSA.
- "The Avenues - Khobar" was showcased in Tourise 2025, a global tourism summit in Riyadh, KSA.
- The Avenues' Instagram account achieved a significant milestone, reaching 728,000 followers, an increase of 15,000 compared to 2024.
- Mabaneer continued its commitment to Sustainability and Social Responsibility by hosting programs covering national, health, humanitarian, cultural, awareness, and environmental sectors.

## INSTITUTIONAL STRENGTH

Since its inception, Mabaneer has worked toward building a sustainable brand that carries tangible value and serves as an inspiration for new projects. The company consistently strives for leadership in the investment, management, and development of real estate projects, collaborating with partners on innovative developments that create value for shareholders, society, and stakeholders. These projects are characterized by world-class specifications and international standards, ensuring rewarding returns on investment.

Mabaneer operates across three primary business lines: Developing mixed-use destinations, operating and managing shopping malls, as well as designing and managing projects.

Mabaneer has been listed in the Real Estate Sector of the Kuwait Stock Exchange "Boursa Kuwait" since 1999 and is currently classified within the Premier Market, the elite market segment comprising the most liquid companies with the largest market capitalization.

As of the end of December 2025, Mabaneer's market capitalization reached KD 1.59 billion (approximately USD 5.19 billion). Furthermore, the company's inclusion in major global indices, such as FTSE EM and MSCI EM, has bolstered the confidence of both institutional and individual investors while positively impacting the company's overall performance.

### **Headquartered in Kuwait, Mabaneer maintains a strategic presence in:**

- Kingdom of Saudi Arabia
- Kingdom of Bahrain

The company maintains key strategic partnerships, including Shomoul Holding, a partnership between Mabaneer, Al-Fouzan Group, and Alshaya, in the Kingdom of Saudi Arabia, as well as Sorouh Management Company which is a partnership between Mabaneer, Bahraini real estate investors, and Alshaya.



# AWARDS & ACCOLADES OF 2025

- **Great Place to Work:** Mabaneer was officially certified as a "Great Place to Work" for 2025-2026 across the GCC region.
- **LEED Certification:** The Avenues is the first shopping mall in Kuwait to receive the LEED Gold certification for Leadership in Energy and Environmental Design, awarded by the U.S. Green Building Council (USGBC).



- **LEED Pre-certification:** Souk Sabah (S3) project received the LEED Gold Pre-certification from the U.S. Green Building Council (USGBC).
- **LEED Gold Pre-certification** from the U.S. Green Building Council (USGBC) for The Avenues – Khobar project.
- **ISO Certifications:** Waldorf Astoria - Kuwait successfully obtained ISO certifications for Environmental Management System (ISO 14001:2015) and Food Safety Management System (ISO 22000).
- **MSCI ESG Index:** Mabaneer's ESG rating was upgraded from "B" to "BBB" in the MSCI Environmental, Social, and Governance (ESG) Index.
- **S&P Global ESG Score:** The company's S&P Global ESG score increased from 30 to 40.
- **CSR Hub Rating:** Mabaneer achieved a higher ranking category on the CSR Hub after exceeding a score of 60 points.



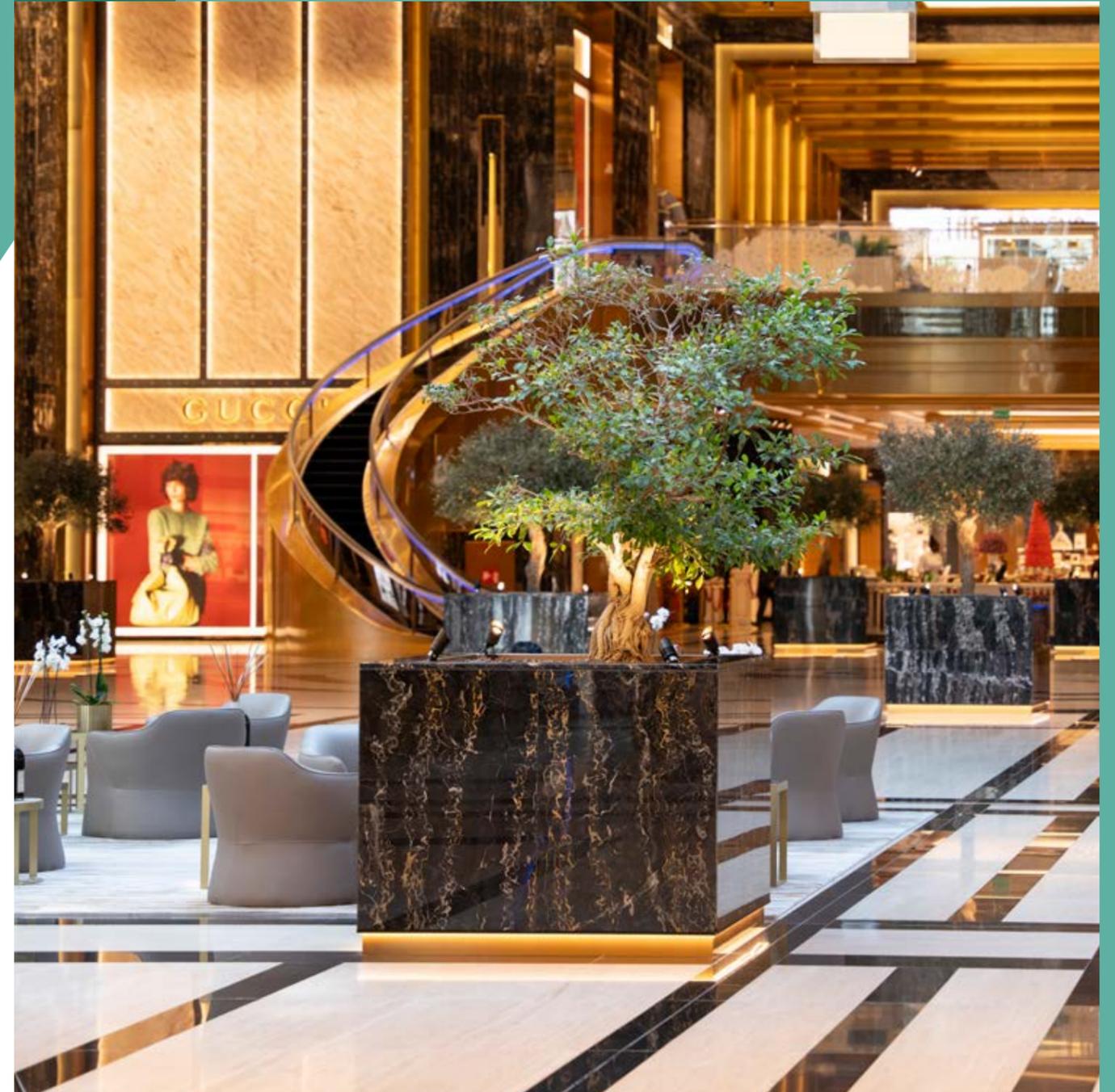
# THE AVENUES - KUWAIT



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 and comprised of 12 distinctive districts, each with their own theme and style, namely 1st Avenue, 2nd Avenue, Prestige, Grand Avenue, SoKu, The Mall, The Souk, The Arcades, Grand Plaza, Electra, The Forum and The Gardens. The Avenues is an iconic architectural, leisure, and tourist destination.

The Avenues covers a gross land area of 360,000 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 December 2019, and five-star Waldorf Astoria which opened its doors in August 2022.

The Avenues is the first mall in Kuwait to receive the LEED Gold certification for Leadership in Energy and Environmental Design (LEED O+M) for existing and used buildings. The Avenues also received the Diamond Ranking, the highest rating as part of the Health Promoting Mall Initiative, among all malls, which was established by the Healthy Cities Office of the Kuwaiti Ministry of Health. The Avenues also won three medals for its excellence in waste management, security, safety and emergency procedures, and community services (citizen service outlets).



# HILTON GARDEN INN - KUWAIT



Connected directly to The Avenues in Kuwait through The Forum district, Hilton Garden is a four-star hotel featuring 385 guestrooms including family rooms and suites.

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



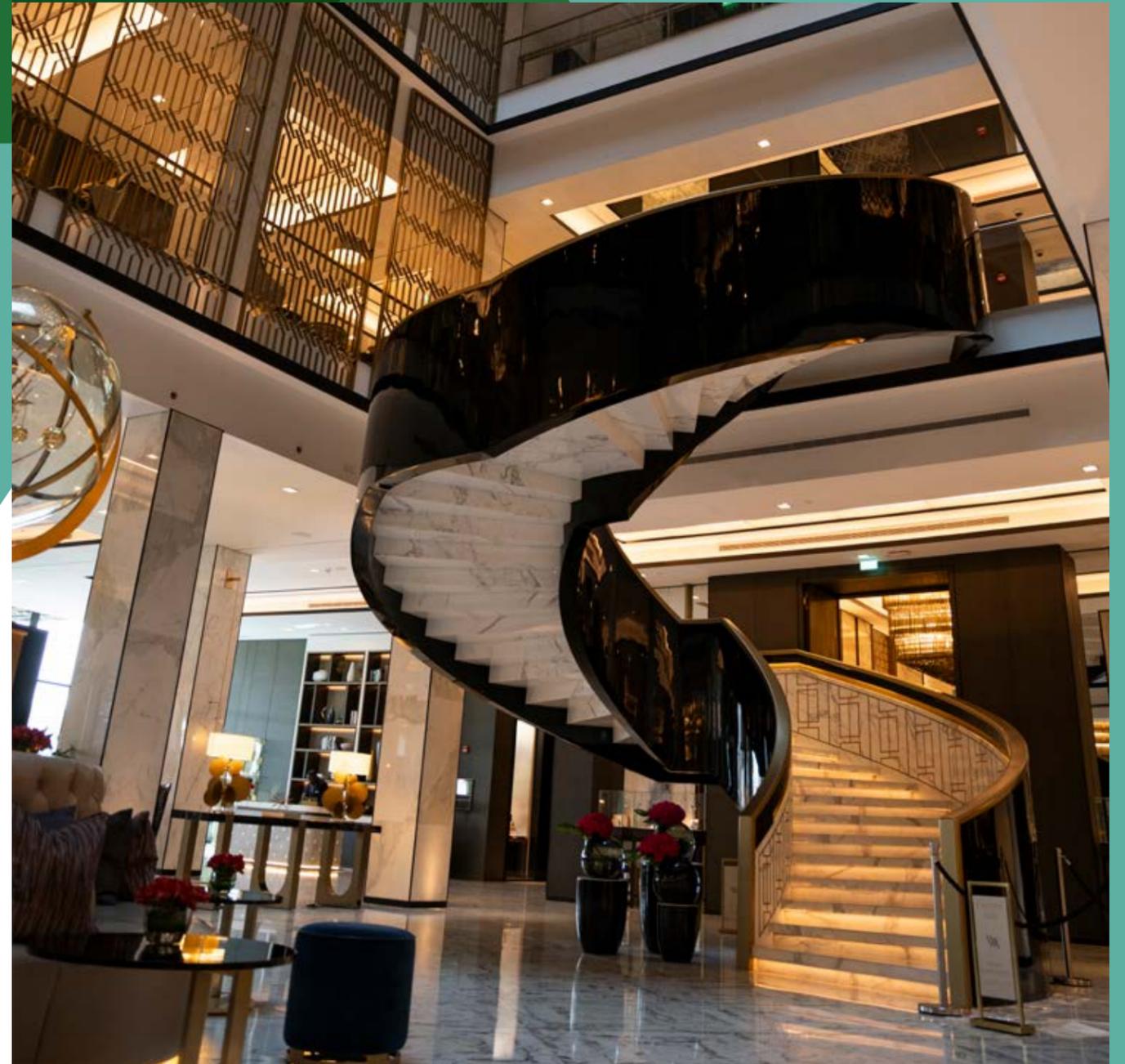
# WALDORF ASTORIA - KUWAIT



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 luxury hotel is directly connected to Prestige district at The Avenues in Kuwait 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 City 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 a park, as well as commercial elements. The development is comprised of Aventura Residences and Aventura Mall.

As for Aventura Residences, which extends over a built-up area of 62,830 square meters with a total gross land area of 50,000sqm, 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.

Aventura Mall extends over a built-up area of 298,785 square meters, and a total leasable area of 108,297 square meters.

Aventura Mall has been designed with international standards to be a contemporary symbol of Jaber Al-Ahmad City, 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 pre-certification in 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. Aventura Mall is expected to be open in the third quarter of 2026.



# SOUK SABAH - KUWAIT



Valued at KD 25 million, Souk Sabah is situated in the southern part of Kuwait in Sabah Al-Ahmad City and is designed to serve as a comprehensive and self-sustaining community, spanning a plot area of 40,121 square meters.

The mixed-use project will feature a traditional 'souk' and a 3-star hotel component, shops, restaurants and cafes, cinema halls, 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 souk, comprised of a gross leasable area of 23,124 square meters, its 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.

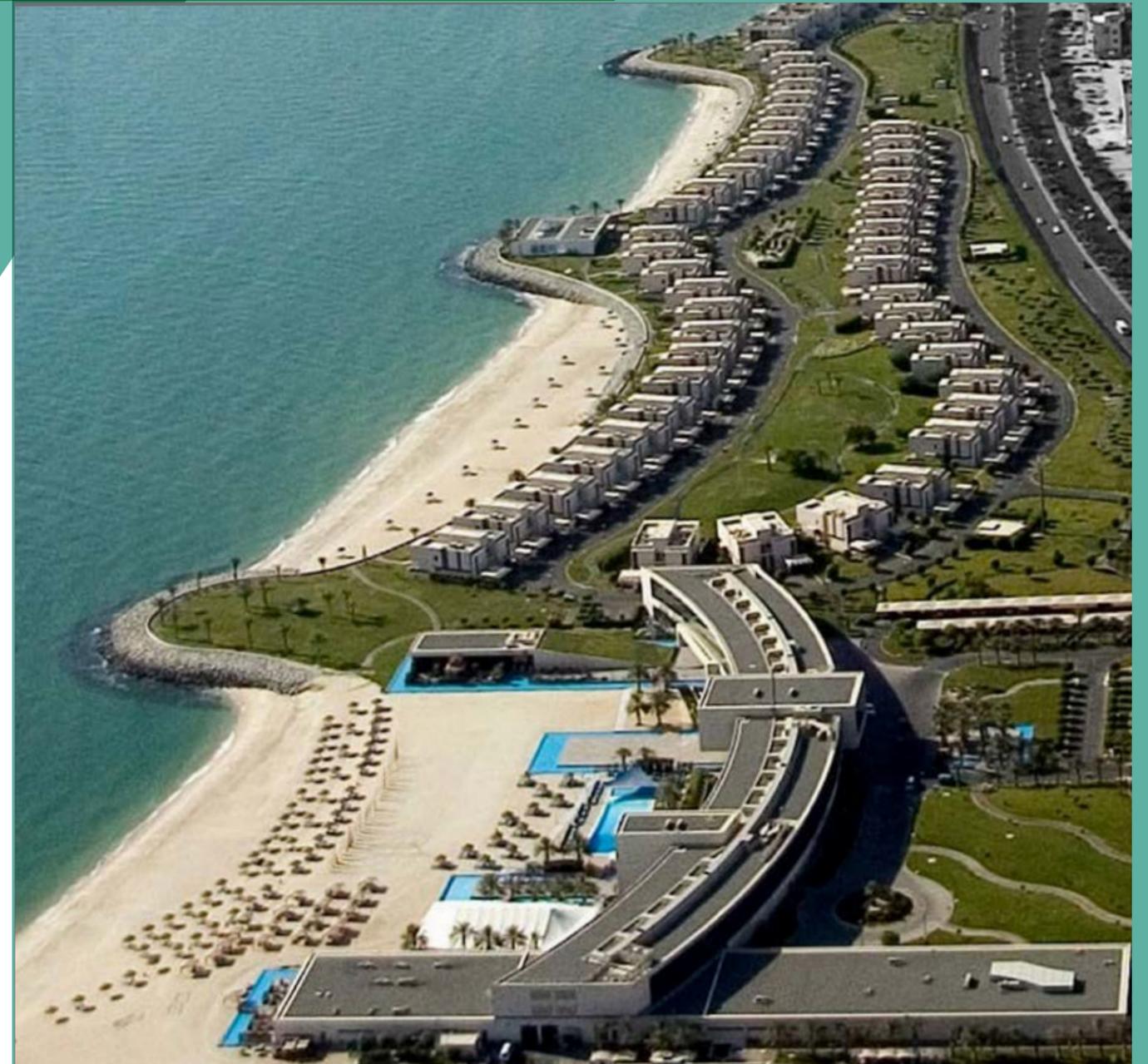
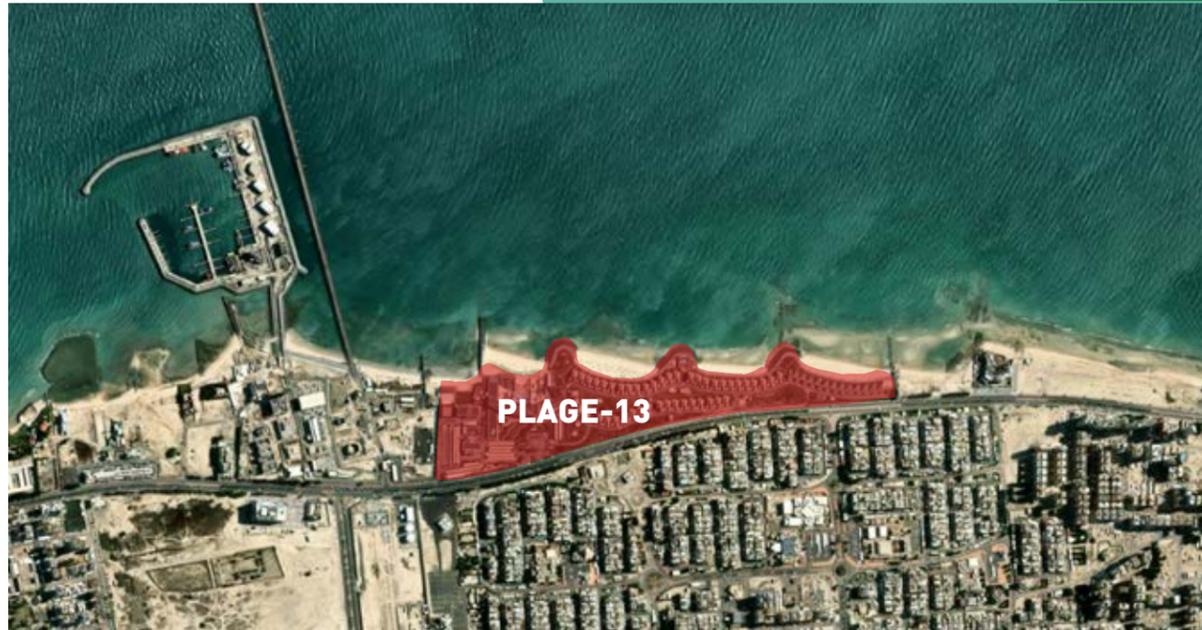
The project is underway to secure LEED Gold certification, with a focus on energy efficiency, landscaping, water usage, and other sustainability measures required to achieve certification.

The project is expected to be fully completed in Q1 of 2028.



# PLAGE - 13

## - KUWAIT



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

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

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 resort is expected to commence operations in Q4 of 2026.

# THE AVENUES - BAHRAIN

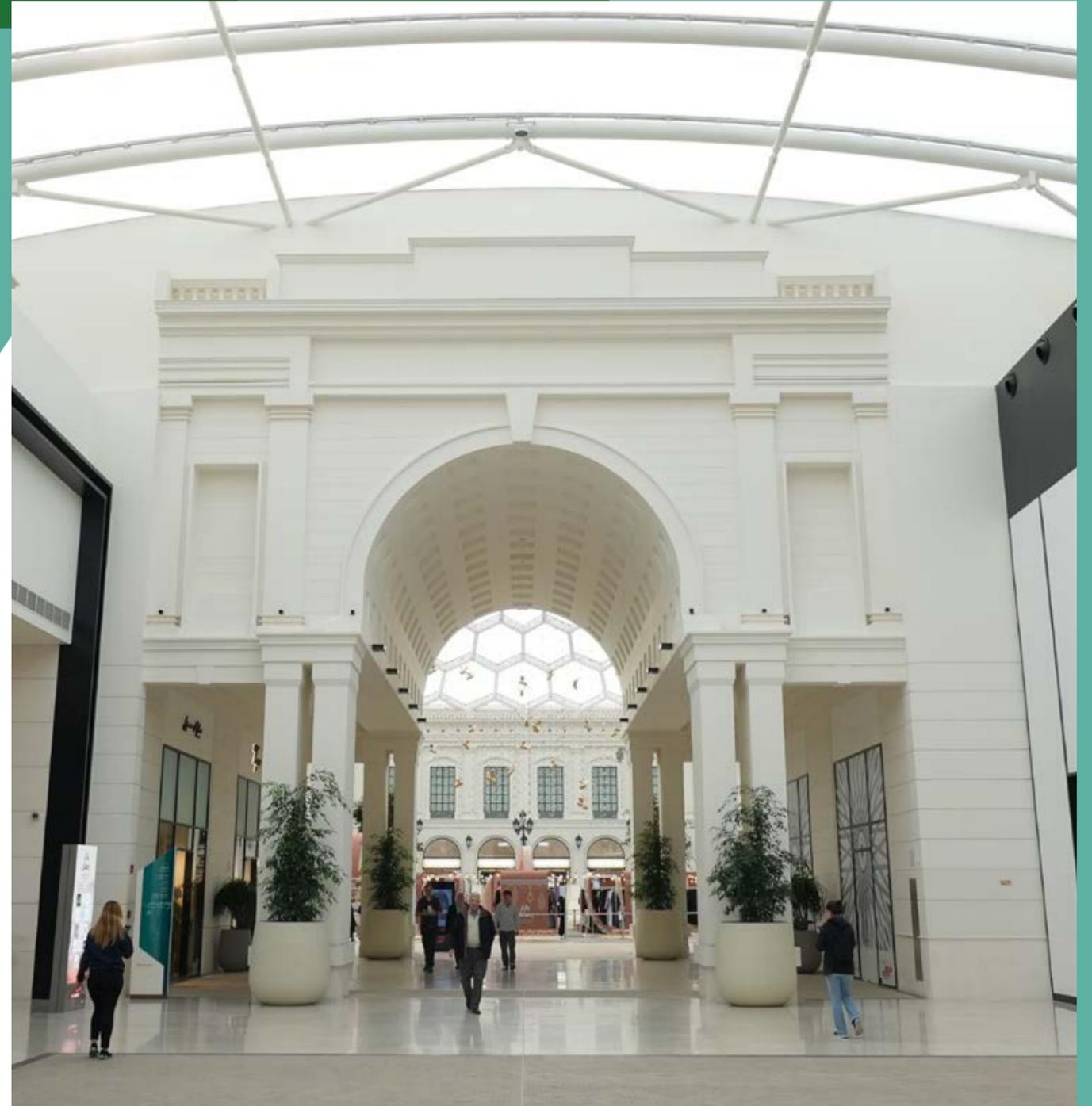


The Avenues - Bahrain, inaugurated in 2017, enjoys a prime location in the heart of Manama, the capital city. The development boasts a unique architectural style and design inspired by The Avenues - Kuwait, making it one of the most visited retail destinations in Bahrain for citizens, residents, tourists,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

The Avenues - Bahrain Phase I spans over a gross land area of 42,000 square meters, featuring a waterfront extending over 600 meters. It includes a variety of international and local brands, of restaurants, entertainment and children's play areas.

The western expansion of The Avenues - Bahrain opened in Q4 of 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 added a diverse mix of 312 stores and restaurants, in addition to two entertainment areas, an ice-skating rink, and a supermarket, complemented by basement parking for about 1,420 vehicles.



# HILTON GARDEN INN - BAHRAIN



Hilton Garden Inn - Bahrain, operated by Hilton Worldwide, opened its doors in 2021.

Overlooking the picturesque Bahrain Bay, the hotel enjoys direct access to The Avenues – Bahrain and includes 192 keys, including 35 fully equipped suites, designed to welcome guests from across the Kingdom of Bahrain and abroad, offering them stunning views of the waterfront.



# THE AVENUES - RIYADH

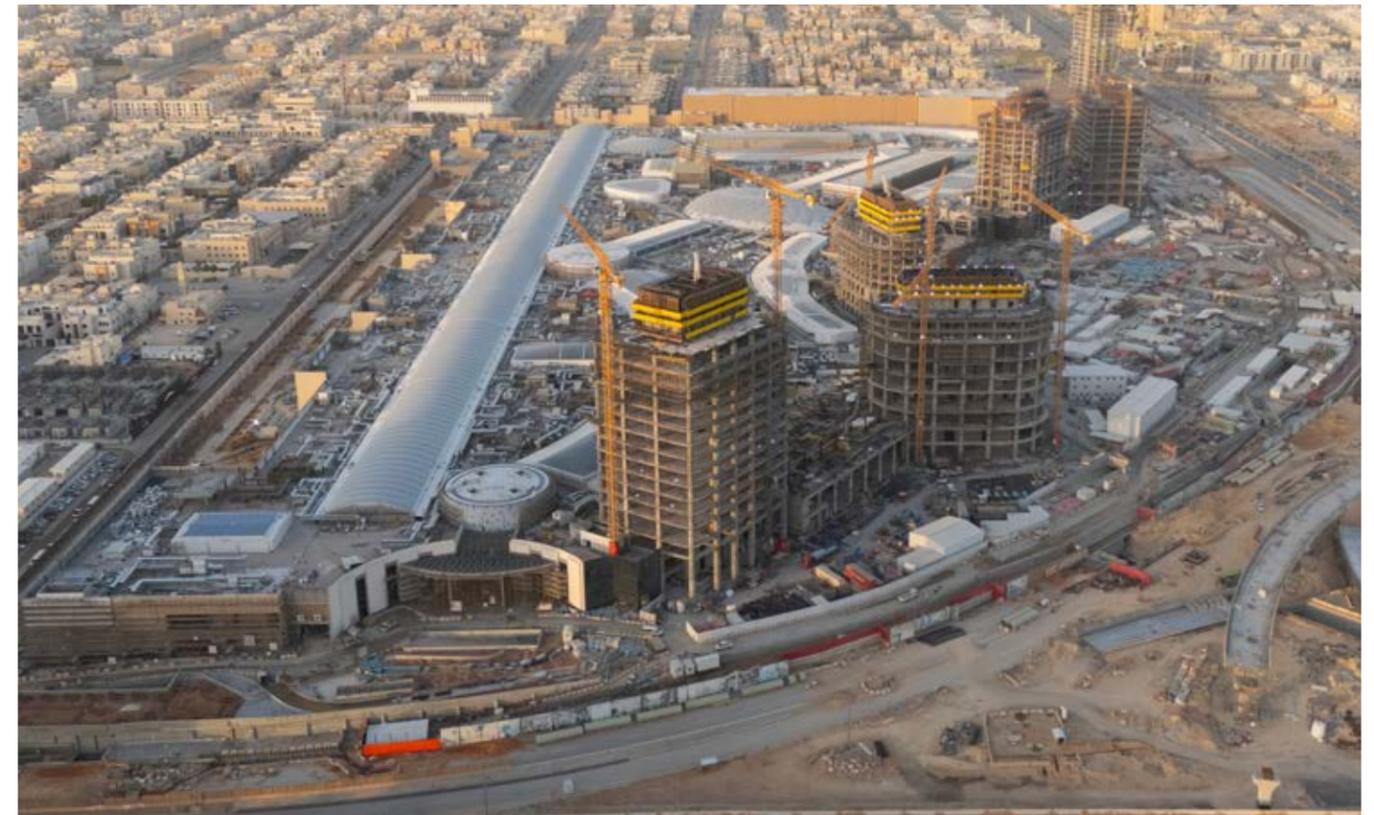


The Avenues - Riyadh reflects the Salmani Architecture, which is characterized by an architectural style that embodies originality and modernity inspired from the past with renewed developmental molds to reflect its presence in the heart of Najd in Riyadh. It will also feature modern designs within the mall with sustainable green elements that emulate the Kingdom's Vision 2030.

The Avenues - Riyadh is scheduled to open in the first quarter of 2027, with the completion of the towers expected in the first quarter of 2028.

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 approximately 1,800,000 square meters, including the five towers.

The Avenues - Riyadh is expected to become one of the most prominent investment and commercial destinations in the Middle East with a gross leasable area of around 361,202 sqm and will comprise a large mall and 5 towers. The first tower will include offices, the second tower the Waldorf Astoria Hotel, the third tower residential apartments, the fourth tower the Canopy Hotel, and the fifth tower, the Conrad Hotel. The project will also encompass parking space for 15,000 vehicles, as for the mall component, it will include 19 cinema halls and 9 districts.



# 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 Saud Road with Prince Sultan Road. The project extends across a total built up area of 760,228 sqm.

The Avenues - Khobar extends across a gross leasable area of 167,535 square meters, the project will encompass 8 districts, in addition to exciting entertainment spaces and 10 cinemas, as well as two towers, the first tower will include the Canopy Hotel and the other will include offices and parking spaces that can accommodate more than 6,000 vehicles.

The Avenues - Khobar project has achieved the requirements and standards of the LEED v4 rating system for sustainable project design and construction and received a Pre-Certification Gold Certification from the U.S. Green Building Council (USGBC). This recognition signals the project is firmly on track to becoming a leader in sustainable green building.

This pre-certification is a testament to The Avenues - Khobar's plan to achieve Gold Certification in LEED project design by focusing on energy efficiency, landscape design, water use, and other sustainability measures, in which the environmental and social sustainability standards are being comprehensively applied throughout the project's construction process.

The development will include the best standards for preserving the environment and energy and includes elements of sustainability in alignment with the Kingdom's vision. The Avenues - Khobar is scheduled to open by Q3 of 2027.



# AUDIT REPORT

## MABANEE COMPANY K.P.S.C 2025

### 1. Introduction

The Audit and Risk Committee of Mabane Company is pleased to present to the esteemed shareholders its annual report for the fiscal year ended December 31, 2025. The report includes details of the Committee's performance in carrying out its duties and responsibilities as stipulated in the Committee's charter, as well as its opinion on the adequacy of the company's internal and financial control systems and risk register. It also outlines the activities and tasks undertaken by the Committee within its scope of authority, in alignment with the relevant regulatory provisions and requirements.

### 2. Responsibilities of the Audit & Risk Committee

The Audit and Risk Committee is responsible for fostering a culture of compliance within Mabane Company by ensuring the accuracy and integrity of the Company's financial reports and verifying the adequacy and effectiveness of the Company's internal control systems. To achieve this, the Committee has the right to access the Company's records and documents, and to request any clarification or information from executive management.

The Committee performs its approved duties, including overseeing internal audit activities, ensuring compliance with regulatory requirements, addressing corporate governance, environmental, and social performance matters, and reviewing related reports. Additionally, the Committee studies the results of internal control system evaluations, reviews interim and annual financial statements, examines the accounting policies adopted, and recommends to the Board of Directors the appointment of external auditors.

It also reviews reports from regulatory authorities on the Company's compliance with laws and regulations, establishes mechanisms for employees to report violations of internal policies, and submits its recommendations to the Board of Directors.

In accordance with the duties and responsibilities assigned to the Committee under its charter and operating rules, the Audit and Risk Committee plays a fundamental and vital role in assisting the Board of Directors in fulfilling its obligations regarding the integrity of the Company's financial statements, the independence of the external auditors, the effectiveness of disclosure controls and procedures, the performance of the internal audit team and external auditors, and the assessment and review of the adequacy of the Company's internal accounting systems, financial controls, and adherence to ethical policies.

The Board of Directors established the combined Audit and Risk Committee following approval by the Capital Markets Authority on January 18, 2016, to ensure that the Committee exercises its combined duties and responsibilities in accordance with the provisions of Book Fifteen (Corporate Governance).

The Audit and Risk Committee at Mabane Company comprises three members: a chairperson selected from among the non-executive members of the Board of Directors, and two other Board members—one non-executive and the other independent—each with the necessary expertise and knowledge.

In 2025, the Audit and Risk Committee completed its designated three-year term and was reconstituted following the election of the Board of Directors by the General Assembly on March 16, 2025. During the year, the Committee held five meetings, at a minimum frequency of one meeting per quarter, in addition to issuing two circular resolutions.

### 3. Audit & Risk Committee Charter

As part of the Company's plan to align with governance requirements, the Committee's charter was reviewed and revised to ensure compliance with applicable regulatory provisions. The updated charter was approved and adopted by the Board of Directors in its meeting held on January 27, 2025.

### 4. Audit & Risk Committee Members

The members of the Audit and Risk Committee have been appointed for the Board term extending from March 16, 2025, to March 15, 2028. The Committee comprises the following members:

1. Mr. Ayman Abdullateef Alshaya – Committee Chairperson
2. Mr. Azam Abdulaziz Alfulajj
3. Mr. Mohammed Rashid Almutairi

### 5. Committee Meetings

During the year 2025, the Committee held five (5) meetings and issued two resolutions by circulation, as follows:

Name	Capacity	Meeting (1) 26/1/2025	Meeting (2) 12/3/2025	Meeting (3) 6/5/2025	Meeting (4) 29/7/2025	Meeting (5) 6/11/2025
<b>Ayman A. Alshaya</b>	Chairperson Non-Executive	✓	✓	✓	✓	✓
<b>Azzam A. Alfulajj</b>	Independent Member	✓	✓	✓	✓	✓
<b>Mohammad R. Almutairi</b>	Non-Executive Member	✓	✓	✓	✓	✓

### 6. Audit and Risk Committee Responsibilities and Key Activities During 2025

In 2025, the Audit and Risk Committee undertook several tasks. Below is a summary of the key activities:

### First: Financial Statement

As part of its oversight role, the Audit and Risk Committee reviewed the Company's 2025 quarterly and annual financial statements. The Committee discussed significant matters with the external auditors and executive management, reviewed financial results, verified any material estimates or changes, and assessed the adequacy of disclosures and compliance with approved accounting policies and standards.

Additionally, the Committee studied management's recommendations regarding provisions for doubtful or bad debts and other provisions related to losses or legal matters, reviewed the Company's policies on related-party transactions, and evaluated the effectiveness and efficiency of the internal control framework, including information security controls.

The Committee also examined all relevant aspects and received confirmation from the external auditors that management cooperated by providing the required documents and responding to inquiries, with no material observations that could affect the fairness of the financial statements. Accordingly, the Committee expressed its opinion and submitted its recommendations to the Board of Directors for appropriate action..

### Second: External Auditors

The Committee recommended to the Board of Directors and the General Assembly the appointment of the Company's external auditors after reviewing the submitted proposals and verifying their independence and objectivity, and confirming that they did not perform any additional services for the Company outside the audit scope approved by the Capital Markets Authority. The General Assembly, held on March 16, 2025, approved the appointment of Mr. Bader Adel Al Abdaljader from Al-Aiban & Al-Osaimi & Partners (Ernst & Young) and Mr. Talal Youssef Al Muzaini from Deloitte & Touche – Al-Wazzan & Partners as the Company's external auditors for the fiscal year ending December 31, 2025..

### Third: The Internal Audit

The Committee reviewed and approved the internal audit plan and ensured that the necessary resources were allocated to conduct the audit effectively. The Committee adopted the internal auditor's annual work plan, monitored its implementation, and verified that adequate resources were available for proper execution.

Additionally, the Committee reviewed reports from the internal auditor on the adequacy of the Company's internal control systems and the level of compliance, based on periodic audit results across all Company departments. The Committee discussed the key observations, examined their underlying causes, and directed the relevant management to take corrective actions to address deficiencies in line with the internal auditor's recommendations, while monitoring their implementation against approved timelines.

### Fourth: Risk Management and Internal Controls

The Committee reviewed the risk management policy for significant risk assessment processes and examined key risks related to internal controls, as well as the measures management has taken to monitor and mitigate them. It also reviewed risk management reports to prevent fraudulent activities and related risks..

### Fifth: Corporate Governance and Environmental & Social Performance

The Committee discussed the annual report on corporate governance and environmental and social performance, reviewed compliance with approved policies and standards, and monitored related efforts and initiatives to strengthen governance practices and sustainability within the Company.

### Sixth: Adequacy of the Company's Internal Control Systems

The Board of Directors is responsible for establishing and maintaining an internal control system within the Company, encompassing all policies, procedures, and processes designed under the Board's supervision to achieve the Company's strategic objectives.

As stipulated by the Capital Markets Authority, an independent audit firm was engaged to evaluate and review the Company's internal control systems and prepare an Internal Control Report. This report was submitted to the Capital Markets Authority for the year ending December 31, 2024. The opinion of the independent audit firm 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 Corporate Governance Rules.
2. The observations raised during the review and assessment of the internal control systems do not materially affect the fair presentation of the Company's financial statements for the year ended December 31, 2024.
3. The actions taken by the Company to address the observations mentioned in the report are considered satisfactory.

Another independent audit firm was also assigned to review and evaluate the performance of the Internal Audit Office for the three-year period ending on 31/12/2024, and a copy of this report was provided to both the Audit & Risk Committee and the Board of Directors.

In conclusion, the Audit Committee is of the view that the follow-up and oversight activities it has carried out, along with its review procedures of the auditors' reports and the implemented internal control systems, indicate that Mabane Company maintains an appropriate control environment for its activities and a reasonably effective control system. The company is also achieving continuous improvement in the design and implementation of effective internal control systems.

### Audit Fees Table Report

<p>طلال يوسف المزيني ديلويت وتوش - الوزان وشركاه</p> <p>بدر عادل العبد الجادر إرنست ويونغ - العيبان والعصيمي وشركاهم</p> <p>TALAL YOUSEF AL MUZAINI DELOITTE &amp; TOUCHE - AL-WAZZAN &amp; CO.</p> <p>BADER A. AL-ABDULJADER ERNST &amp; YOUNG, AL-AIBAN, AL-OSAIMI &amp; PARTNERS</p>	<p>مكتب التدقيق واسم المدقق الشريك NAME OF THE AUDIT FIRM AND PARTNER AUDITOR</p>
<p>إتمام المهام كمدقق حسابات خارجي للشركة لمدة سنة واحدة في ديسمبر 2025 COMPLETED AS AN EXTERNAL AUDITOR FOR 1 YEAR BY DECEMBER 2025</p>	<p>عدد السنوات التي قضاها كمدقق حسابات خارجي للشركة NUMBER OF YEARS SPENT AS AN EXTERNAL AUDITOR OF THE COMPANY</p>
<p>146,650 KWD</p>	<p>إجمالي أتعاب التدقيق العام 2025 دينار كويتي TOTAL AUDIT FEES FOR YEAR 2025 IN KWD</p>
<p>37,802 KWD</p>	<p>اتعاب وتكاليف الخدمات الخاصة الأخرى بخلاف تدقيق البيانات المالية للعام 2025 FEES AND COSTS OF OTHER SPECIAL SERVICES OTHER THAN AUDITING 2025 THE FINANCIAL STATEMENTS FOR</p>
<p>TAX EXEMPTION CERTIFICATE, NLST &amp; ZAKAT DECLARATION, MINISTRY OF FINANCE CONTRACTS REVIEW AND NOTIFICATION, ANALYSIS AND SCOPING OF MABANEE UNDER THE DMTT TAX LAW, AND TAX ADVISORY AND ADDITIONAL SERVICES AS PER MOF REGULATIONS.</p>	<p>تفاصيل وطبيعة الخدمات المقدمة الأخرى (إن وجدت) DETAILS AND NATURE OF OTHER SERVICES PROVIDED (IF ANY)</p>

**AYMAN ABDULLATEEF ALSHAYA**  
HEAD OF THE COMMITTEE

## MEMBERS OF THE BOARD OF DIRECTORS



**Mohammed 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



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



**Dr. Rana Abdullah AlFares**  
Member of the Board of Directors  
Independent Member

MABANEE COMPANY K.P.S.C.  
**CORPORATE GOVERNANCE REPORT**  
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2025

## BOARD OF DIRECTORS & COMMITTEES



### Mohammed Abdulaziz Alshaya

Chairman of the Board of Directors  
Chairman of the Investment Committee  
Chairman of the Nominations And Remuneration Committee

One of the most prominent business leaders in the State of Kuwait and the region, and the Executive Chairman of Mohammed Hamoud Alshaya Company, the principal retail arm of Alshaya Group, which is among the most widespread franchise networks in the Middle East and around the world.

Mohammed Alshaya possesses extensive professional experience and a strategic vision that contributed to building and developing one of the most distinguished and fully integrated regional groups with a global presence. Throughout his career, he led a transformational institutional journey that shifted Alshaya Group from a traditional family business into an international retail empire operating in accordance with best corporate practices.

Under his leadership, the Group expanded its operations to more than 17 countries across the Middle East and Europe. Today, it manages a wide network of over 3,500 stores, restaurants, and cafés, representing more than 50 international brands across consumer goods, dining, lifestyle, and entertainment sectors, in addition to financial investments and real estate portfolio management. This growth was achieved through long-term strategic partnerships with renowned global brands, supported by highly efficient operating and investment models. His leadership approach is rooted in long-term strategic planning, financial discipline, and strengthening organizational structures capable of supporting sustainable growth, along with continuous investment in human capital development and fostering a culture of corporate performance and operational excellence.

Mohammed Alshaya also places particular emphasis on embedding principles of good governance, risk management, compliance, and sustainability within the Group's strategy, recognizing the role that leading corporations play in creating sustainable value for all stakeholders and ensuring business continuity amid evolving operating environments.

At the institutional and societal levels, he serves on several economic boards and committees, including the Advisory Council of Dubai Chambers, the Board of Trustees of the Arab Thought Foundation, and the International Advisory Council of the Cleveland Clinic hospital group. He has been recognized by official entities for his contributions to supporting developmental and economic initiatives nationally and regionally, reflecting his commitment to the private sector's role in driving sustainable development.

Throughout his career, he has received several medals and official honors in recognition of his contributions to advancing the business sector and his pioneering role in elevating the standing of national companies regionally and internationally. Among these honors are the Honorary Commander of the Order of the British Empire (CBE), one of the highest British distinctions, and the King Abdulaziz Medal (Fourth Class).



### Mohammad Abdullateef Alshaya

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

A businessman with a well-established career and a clear impact on the Kuwaiti and regional business sectors, spanning more than 35 years in the fields of investment and real estate development. Throughout his career, he has held several leadership and executive positions in companies specializing in real estate development, project management, and contracting, as well as in the hospitality sector.

He has gained advanced practical experience in real estate development and asset management through his involvement in developing and managing diverse real estate portfolios, including commercial and residential assets. This has deepened his understanding of the requirements of major projects, the planning and execution mechanisms, and the efficient management of real estate portfolios.

He also brings operational expertise in the hospitality sector, having led companies specializing in hotel management and operations. This has allowed him to gain insight into hotel operations management practices, service quality enhancement, and guest experience improvements, supporting the success of integrated projects that combine real estate development with hospitality facilities.

Alshaya has held positions in companies specializing in contracting and construction, enabling him to acquire practical knowledge of project execution processes, contract management, engineering supervision, and scheduling- enhancing his ability to evaluate projects from a comprehensive operational and developmental perspective.

He also performs his duties as a legal representative for several subsidiaries of Mabanee Company, overseeing regulatory and contractual matters and supporting their corporate governance and regulatory compliance.

These diverse experiences reflect a career grounded in realistic decision-making, institutional discipline, and the capability to manage projects in line with best corporate practices.



### Abdullah Abdullateef Alshaya

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

A businessman with extensive professional experience spanning several decades in the fields of commerce, business, and investment. Over the course of his career, he has held leadership and executive positions in companies operating in the commercial and industrial sectors, as well as in managing private institutions engaged in diverse activities.

Throughout his career, he has gained practical experience in managing commercial and industrial operations, resource management, and overseeing operational activities, enabling him to enhance institutional performance and improve operational efficiency in the companies he has led.

He also possesses distinguished leadership experience, having served as Chairman of the Automobile Agents Union for nearly nineteen years (1981–2001). During this period, he played a pivotal role in representing the private sector, contributing to the development of the commercial business environment and supporting its interests.

He currently serves as Chairman of the Board of Alshaya Group, in addition to serving as Chairman of the Board of the Kuwaiti Company for Importing Cars and of Oriental Hotels Company. He is also a former member of the Chamber of Commerce and Industry, reflecting his contributions to supporting economic and commercial activity at both the national and sectoral levels.

These accumulated experiences highlight a professional journey built on practical leadership, field expertise, and a deep understanding of the business environment, which supports his effective role on boards of directors in accordance with leading corporate governance practices.



## Ayman Abdullateef Alshaya

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

A businessman with extensive professional experience in the fields of business and investment, spanning several decades. During this period, he has gained deep practical knowledge of the private-sector business environment, with a particular focus on financial aspects, risk management, and real estate development.

Throughout his career, he has acquired advanced expertise in finance, including familiarity with financial analysis, risk assessment, and decision-support processes, contributing to a balanced perspective that integrates financial and operational considerations.

He also has experience in real estate development and business management, including project evaluation, asset management, and investment opportunity assessment. This has strengthened his understanding of the project lifecycle from both financial and operational viewpoints.

These diverse experiences reflect a professional journey founded on financial discipline, realistic evaluation, and a comprehensive understanding of the business environment- supporting effective contributions to the Board of Directors' work in line with leading corporate governance practices.



## Azzam Abdulaziz Alfulaij

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

A businessman with extensive and comprehensive professional experience across several key sectors, including banking and finance, investment, and real estate. He has gained advanced expertise in asset management through his involvement in diverse investments across real estate and other sectors.

Throughout his career, he has acquired institutional experience in internal audit, risk management, governance, and regulatory compliance, including familiarity with internal control frameworks and anti-money laundering practices. This has strengthened his ability to assess risks and support the integrity of operational and financial activities.

He has also developed specialized financial experience in banking services and finance through his work in regulated financial environments, where he gained exposure to banking operations management, regulatory controls, and financial risk management.

These combined experiences reflect a professional journey grounded in discipline, a deep understanding of regulatory frameworks, and a balanced perspective that integrates financial and governance considerations, supporting his effective contribution to the work of the Board of Directors and its committees in line with leading corporate governance practices.



## Mohammad Rashed AlMutairi

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

A leader with over 24 years of practical experience in the industrial sector, during which he has acquired advanced professional knowledge in governance and compliance, internal control, and risk management, supporting institutional work requirements in line with leading practices.

Throughout his career, he has gained experience overseeing operational and administrative processes, contributing to the enhancement of governance frameworks and institutional discipline, and developing familiarity with internal control mechanisms and operational risk management.

He has also gained experience through his participation on the boards of directors of several companies operating in the industrial and services sectors, which has strengthened his understanding of corporate management requirements and decision-making from an integrated oversight and operational perspective.

These experiences reflect a professional journey built on a strong commitment, a deep understanding of the industrial business environment, and support for governance and control practices, enhancing his effectiveness in the work of the Board of Directors and its committees.



## Dr. Rana Abdullah Alfares

Member of the Board of Directors  
Member of the Investment Committee

Dr. Rana has over 27 years of professional and academic experience spanning engineering, planning, and institutional leadership, integrating academic excellence with public service and board-level governance.

She currently serves as an Associate Professor in the Department of Civil Engineering at Kuwait University, with an established academic and research record in civil, geotechnical, and geo-environmental engineering, infrastructure systems, and GIS-based planning.

Throughout her career, she has held senior leadership roles in the public sector across planning, oversight, and institutional management, assuming executive and supervisory responsibilities that contributed to the formulation and implementation of policies and programs in urban, infrastructure, and institutional development.

She has also served on boards and specialized committees in planning, engineering, and management, gaining practical experience in corporate governance, project management, and performance evaluation.

Dr. Rana Alfares is a certified Project Management Professional (PMP) with advanced proficiency in Geographic Information Systems (GIS), engineering analysis, and planning. She is also a member of several international engineering organizations.

These experiences reflect a professional journey grounded in independence, technical competence, and a comprehensive understanding of planning and institutional management, enhancing her effective contribution to the work of the Board of Directors in line with leading governance practices.



## Fadwa Fathi Omar

Secretary of the Board of Directors

Manager of Governance and Regulatory Compliance Department

Pursuant to a resolution of the Board of Directors, Fadwa Omar has been appointed as Secretary of the Board, in recognition of her professional experience in administrative work, governance, regulatory compliance, and risk management.

She has further developed her professional expertise through specialized programs in leadership, decision-making, negotiation, and strategic planning, and has obtained several accredited professional certifications in corporate governance, capital markets, and compliance. This has strengthened her ability to support the work of the Board and its committees in line with best institutional practices.

She also possesses practical experience in coordinating governance and compliance initiatives; developing regulatory frameworks and internal procedures; and supporting coordination among relevant stakeholders, including by contributing to the development of governance models, drafting policies, and enhancing regulatory compliance.

Her professional journey reflects an approach grounded in precision, organizational discipline, and a comprehensive understanding of governance and regulatory compliance requirements, thereby supporting the efficiency of the Board's work and reinforcing institutional transparency.

## Compliance with Governance Rules

Mabaneer is committed to compliance and adherence to corporate governance rules, where the Board of Directors developed corporate governance rules and regulations that comply with the provisions of Corporate Governance Regulations issued by the Capital Markets Authority (CMA). This includes the rules and standards governing the management of the company in a way that ensures the protection of the rights of shareholders and stakeholders. Accordingly, the company adopted its governance rules, regulations, policies and charters by the Board of Directors in accordance with the Companies Law and the regulations and instructions of the Capital Markets Authority.

## Principle 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 Ordinary General Assembly meeting held on 16/03/2025, by the Company's shareholders for a period of three (3) years ending on 15/03/2028.

The current Board of Directors consists of non-executive members, including two independent members, and includes female representation. They possess the necessary experience and expertise to oversee the company's operations and support the implementation of its strategy and objectives.

The Board of Directors is committed to performing its duties and responsibilities in accordance with the provisions of the company's Articles of Association, Companies Law, and the Corporate Governance Regulations issued by the Capital Markets Authority. These duties include general oversight of the company's operations, approval of policies and strategic plans, monitoring financial and operational performance, risk management, and ensuring compliance with relevant regulations and instructions, including the following:

1. The Board of Directors generally adheres to the key requirements outlined in its rules of procedure and related instructions, including the separation of the functions of the Board of Directors and the Executive Management, the adoption of policies and plans, and the review of the company's performance.
2. The independent board members affirmed their continued independence from the company and the company's commitment to fulfilling the relevant legal requirements regarding the number of independent board members.
3. The company's Articles of Association and Internal Regulations define the responsibilities and duties of the Board of Directors and the mechanism for its operation.
4. Board members are subject to their own disclosure obligations, including disclosing any positions they hold in other companies and any dealings or interests that may constitute a conflict of interest, in accordance with applicable regulations.
5. At the meeting held on December 29, 2020, the Board of Directors resolved to appoint Ms. Fadwa Fathi Omar as Secretary of the Board, in accordance with the requirements of the company's Articles of Association and the approved governance regulations.

Name	Member Classification (Executive / Non-Executive / Executive / Independent) Secretary of the Board	Academic Qualification	Date of election / Board Secretary Appointment
Mohammed 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	2025/03/16
Mohammad Abdullateef Alshaya	Vice Chairman Non-Executive Member	- Bachelor of Civil Engineering from the University of Petroleum and Minerals, Dhahran - Kingdom of Saudi Arabia.	2025/03/16
Abdullah Abdullateef Alshaya	Board Member Non-Executive Member	- Bachelor of Economics from Kuwait University	2025/03/16
Ayman Abdullateef Alshaya	Board Member Non-Executive Member	- Bachelor of Mechanical Engineering from Kuwait University	2025/03/16
Azzam Abdulaziz Alfulajj	Board Member Independent Member	- Bachelor of Business Administration from Grand View College - USA	2025/03/16
Mohammad Rashed 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.	2025/03/16
Dr. Rana Abdullah Alfares	Board Member Independent Member	PhD in Civil Engineering from the University of Southern California	2025/03/16
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.	2020/12/29

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

During the year 2025, the board of directors held 10 meetings, and the following table summarizes the meetings and attendance of the board members

Name	Meeting (1) 6/2/2025	Meeting (2) 19/2/2025	Meeting (3) 16/3/2025	Meeting (4) 6/5/2025	Meeting (5) 11/5/2025	Meeting (6) 20/5/2025	Meeting (7) 30/7/2025	Meeting (8) 26/10/2025	Meeting (9) 10/11/2025	Meeting (10) 22/12/2025
<b>Mohammed Abdulaziz Alshaya</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Mohammad Abdullateef Alshaya</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Abdullah Abdullateef Alshaya</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Ayman Abdullateef Alshaya</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Azzam Abdulaziz Alfulajj</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Mohammad Rashed Almutairi</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Dr. Rana Abdullah Alfares</b>	Membership began 3/16		✓	✓	✓	✓	✓	✓	✓	✓

## Board Members Technical and Practical Skills Matrix

Name	Mohammed Abdulaziz Alshaya Non-Executive member	Mohammad Abdullateef Alshaya Non-Executive member	Abdullah Abdullateef Alshaya Non-Executive Member	Ayman Abdullateef Alshaya Non-Executive Member	Azzam Abdulaziz Alfulajj Independent Member	Mohammad Rashed Almutairi Non-Executive Member	Dr. Rana Abdullah Alfares Independent Member
<b>Entrepreneurship / Leadership</b>	✓	✓	✓	✓	✓	✓	✓
<b>Financial/ Economic</b>	✓	✓	✓	✓	✓	✓	✓
<b>Research and Feasibility Studies</b>	✓	✓	✓	✓	✓	✓	✓
<b>Real Estate Expertise</b>	✓	✓	✓	✓	✓	✓	✓
<b>Strategic Management</b>	✓	✓	✓	✓	✓	✓	✓
<b>Risk Management Expertise</b>	✓	✓	✓	✓	✓	✓	✓
<b>Innovation and Innovation</b>	✓	✓	✓	✓	✓	✓	✓
<b>Mergers and Acquisitions</b>	✓	✓	✓	✓	✓	✓	✓

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

The Board Secretary is responsible for organizing the Board's operations, including preparing meeting agendas, documenting discussions and decisions, and maintaining meeting minutes in accordance with applicable regulations.

Memorandums of BoD meetings are prepared sequentially and numbered, including the date, time, and location of the meeting, the names of members present and absent, a summary of discussions and decisions, and confirmation that members have signed the minutes of the Board and its committee meetings.

Meeting minutes and all related correspondence and documents are maintained in an organized manner, either in hard copy or electronically, to ensure easy retrieval and secure storage, in compliance with company policies and the requirements of relevant regulatory authorities.

The Board Secretary is responsible for coordinating Board meetings in advance, including notifying members of meeting dates and agendas well in advance, distributing supporting documents and information, and following up on the implementation of Board decisions in coordination with relevant departments within the company.

### D) Declaration of Independent Member that meets Independent Criteria

The company based its evidence of independence through the written declarations submitted by the independent members, which are as follows:

## Principle Two

### Proper Identification of Tasks and Responsibilities

#### A) Brief on how Mabanees 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

Mabanees is committed to implementing governance principles that ensure a clear distinction between the responsibilities of the Board of Directors and the executive responsibilities of the Executive Management, in accordance with the requirements of the Capital Markets Authority and best practices. The company has developed and updated clear policies, procedures, and regulations that define the roles, responsibilities, and duties of both the Board of Directors and the Executive Management. This includes defining the delegated powers and authorities of the Executive Management, as well as monitoring and accountability mechanisms to ensure efficient decision-making, enhanced oversight, and a balance between powers and responsibilities.

These policies are reviewed periodically to ensure their alignment with the company's organizational structure, its approved strategy, and relevant regulatory developments, thereby supporting ongoing compliance and improved corporate performance.

### B. Board of Directors' Achievements:

During 2025, Mabanees's Board of Directors continued to fulfill its supervisory and strategic role by guiding the company's operations, monitoring the implementation of its approved strategy, and strengthening the governance and control framework in accordance with regulatory requirements and global best practices in corporate governance. Based on the Board of Directors' meeting minutes for 2025, the Board carried out its supervisory duties through the following:

- Approving the updated company strategy, tasking the executive management with preparing and submitting the implementation roadmap and monitoring its execution.
- Overseeing the implementation of governance and compliance frameworks, including the adoption of the information security policy and the corporate governance report.
- Monitoring financial performance, approving interim financial statements, and discussing budgets and variances.
- Recommending to the General Assembly the appointment of the external auditor after the expiration of the previous appointment, based on the recommendation of the Audit and Risk Committee.
- Monitoring the developments of the company's strategic projects and assets, reviewing implementation updates and progress, and ensuring their alignment with the approved strategy and risk management framework.
- Monitoring the work of the Board's subcommittees and reviewing periodic risk reports.
- Enhancing the independence and diversity of the Board by appointing a new independent member.
- Monitoring sustainability and corporate social responsibility initiatives and improving the company's environmental and social impact.
- Overseeing the performance of the executive management and discussing the annual performance evaluation of the Board and its members.

 <p>وزارة التجارة والصناعة Ministry of Commerce and Industry</p>	 <p>وزارة التجارة والصناعة Ministry of Commerce and Industry</p>
إقرار عضو مجلس الإدارة المستقل	إقرار عضو مجلس الإدارة المستقل
عزام عبد العزيز الفليح	رنا عبدالله الفارس
أقر أنا الموقع أدناه .....	أقر أنا الموقع أدناه .....
بطاقة مدنية (أو جواز سفر لغير المقيم) رقم 264101601162	بطاقة مدنية (أو جواز سفر لغير المقيم) رقم 273060800011
والمرشح كعضو مجلس إدارة مستقل لدى شركة (المباني شركة مساهمة كويتية عامة)	والمرشح كعضو مجلس إدارة مستقل لدى شركة (المباني شركة مساهمة كويتية عامة)
بأنه يتوافق مع الشروط التالية:	بأنه يتوافق مع الشروط التالية:
1- أني أمتنع 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.	1- أسي أمتنع 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 يتوافق مع المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.	2- أنه يتوافق مع المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.
الإسم : عزام عبد العزيز الفليح	الإسم : رنا عبدالله الفارس
التاريخ: 2025/3/16	التاريخ: 16/3/2025
التوقيع: 	التوقيع: 

- Prioritizing the business continuity plan, ensuring its continuous updating by the executive management.
- Reassessing the risk appetite to reflect the company's strategic direction and acceptable risk levels.

### C. Brief on implementing the requirements for the Board of Directors to forming independent specialized committees:

As part of Mabanee's commitment to sound governance principles, the Board of Directors has formed independent specialized committees to enhance oversight efficiency, support decision-making processes, and ensure the effective distribution of tasks and responsibilities.

The tasks, powers, and operating mechanisms of each committee have been defined according to approved regulations, guaranteeing their independence and impartiality. These committees submit periodic reports to the Board of Directors, which oversee their performance, ensuring they fulfill their duties within their assigned powers and in accordance with the requirements of the Capital Markets Authority and best practices in corporate governance, as detailed below:

Investment Committee	Nominations and Remunerations Committee	Audit and Risk Committee
<p><b>Committee Members</b></p> <p>1. MOHAMMED ABDULAZIZ ALSHAYA CHAIRMAN AND HEAD OF COMMITTEE</p> <p>2. MOHAMMAD ABDULLATEEF ALSHAYA</p> <p>3. DR. RANA ABDULLAH ALFARES</p> <p>4. WALEED KHALED ALSHARIAN CHIEF EXECUTIVE OFFICER</p>	<p><b>Committee Members</b></p> <p>1. MOHAMMED ABDULAZIZ ALSHAYA CHAIRMAN AND HEAD OF COMMITTEE</p> <p>2. ABDULLAH ABDULLATEEF ALSHAYA</p> <p>3. AZZAM ABDULAZIZ ALFULAIJ</p>	<p><b>Committee Members</b></p> <p>1. AYMAN ABDULLATEEF ALSHAYA Non-Executive Board Member &amp; Head of Committee</p> <p>2. AZZAM ABDULAZIZ ALFULAIJ</p> <p>3. MOHAMMAD RASHED ALMUTAIRI</p>

#### First: Audit and Risk Committee

Following the election of the Board of Directors on March 16, 2025, the Board formed the Audit and Risk Committee. Its term extends until the end of the current Board term, ensuring enhanced oversight and supervision of the company's financial affairs and risk management.

The Committee consists of three non-executive members, including one independent member. All members possess sufficient experience and knowledge in financial, accounting, and auditing matters, enabling them to perform the Committee's duties efficiently and independently.

The Audit and Risk Committee commenced its work upon its formation. During 2025, the Committee held five meetings with 100% attendance from all members and issued two resolutions by circulation.

#### Committee Duties and Responsibilities:

The Audit and Risk Committee fulfills its supervisory role within its approved authority. Its most prominent duties and responsibilities include:

- Overseeing the effectiveness of the company's internal control systems, including information security systems. - Review interim and annual financial statements before their presentation to the Board of Directors and provide opinions and recommendations.
- Review internal audit reports prepared by independent entities, and follow up on observations and corrective actions.
- Review accounting policies and provide opinions on them before their adoption by the Board of Directors.

- Evaluate the adequacy and effectiveness of internal control systems and prepare necessary recommendations.
- Review reports from relevant regulatory bodies and ensure that appropriate actions are taken.
- Ensure the company's compliance with relevant laws, regulations, policies, and instructions.
- Evaluate the competence and independence of the external auditor, and recommend their appointment and determine their fees.
- Review internal audit reports and follow up on the implementation of corrective actions.
- Review the internal audit management plan and ensure its adequacy and effectiveness.
- Hold periodic meetings with external auditors and the internal auditor.
- Review transactions and deals with related parties.
- Prepare and review risk management policies and strategies before their adoption by the Board of Directors.
- Monitor the availability of resources and systems necessary for risk management.
- Assisting the Board of Directors in identifying and assessing acceptable risk levels (risk appetite).
- Reviewing periodic risk reports and submitting recommendations to the Board of Directors.

#### Key Achievements of the Audit and Risk Committee in 2025

- Reviewing and discussing the interim financial statements and providing recommendations before their presentation to the Board of Directors.
- Monitoring internal control and audit reports, discussing key observations, and recommending corrective actions.
- Reviewing risk management reports and recommending the renewal and updating of the risk appetite and its alignment with the company's updated strategy.
- Discussing and monitoring environmental, social, and governance (ESG) sustainability risks and ensuring their management within the control and risk management framework.
- Recommending to the Board of Directors the appointment of external auditors based on an assessment of their independence and competence.
- Monitoring the company's compliance with the requirements of relevant regulatory authorities.
- Reviewing transactions with related parties and ensuring the integrity of the procedures followed.
- Submitting necessary recommendations to the Board of Directors regarding financial, control, and risk management matters.

The performance of the Audit and Risk Committee during 2025 reflects the company's commitment to implementing governance requirements, strengthening the control and risk management system, and supporting the Board of Directors in fulfilling its supervisory role in accordance with the requirements of the Capital Market Authority and best practices in corporate governance.

#### Second: Nominations and Remunerations Committee

##### Committee Term, Number of Meetings, and Attendance Rate:

Following the election of the Board of Directors on March 16, 2025, the Board formed the Nominations and Remuneration Committee, whose term extends until the end of the Board's term, in accordance with the corporate governance requirements issued by the Capital Market Authority. The Committee's purpose is to support the Board of Directors in nominating Board members and executive management, developing and reviewing remuneration policies, and ensuring fairness and transparency in this regard.

During 2025, the Committee held two meetings with 100% attendance of all members and submitted its recommendations to the Board of Directors according to the approved procedures.

### **Committee Duties and Responsibilities:**

The Nominations and Remuneration Committee undertakes its supervisory duties within its approved powers. Its most prominent responsibilities include:

- Assisting the Board of Directors in identifying qualified members to serve on the Board and its committees. - Recommending the acceptance and re-nomination of Board members and Executive Management.
- Recommending the nomination of independent members and ensuring their continued independence.
- Periodically reviewing the required skills and experience for Board membership.
- Developing and updating job descriptions for Board members.
- Establishing policies for awarding remuneration to Board members and Executive Management.
- Preparing an annual report on Board members' and Executive Management's remuneration for presentation to the General Assembly.
- Reviewing the company's organizational structure.
- Reviewing the policies and regulations related to the corporate governance framework.

### **Key Achievements of the Nominations and Remuneration Committee in 2025**

During 2025, the Nominations and Remuneration Committee undertook the following:

- Ensuring the continued independence of independent Board members.
- Recommending the acceptance of Board member nominations.
- Submitting an annual report to the Board of Directors containing the results of a comprehensive evaluation of the Board's and its members' performance.
- Preparing and reviewing the remuneration of the Chairman and members of the Board of Directors, the CEO, senior executives, and company employees, and submitting recommendations regarding these remunerations to the Board of Directors.
- Reviewing the Governance Report and the Remuneration Report.
- Reviewing the updated organizational structure of the company and submitting a recommendation to the Board of Directors for approval.
- Reviewing the annual training plan for the Board of Directors and Executive Management.

The performance of the Nominations and Remuneration Committee during 2025 reflects the company's commitment to applying governance principles, ensuring transparency and fairness in nomination and remuneration procedures, and supporting the Board of Directors in fulfilling its oversight role in accordance with the requirements of the Capital Market Authority and best practices.

### **Third: Investment Committee:**

#### **Committee Term, Number of Meetings, and Attendance Rate:**

Following the election of the Board of Directors on March 16, 2025, the Board formed the Investment Committee, whose term extends until the end of the Board's term. The Committee's purpose is to support the Board in overseeing the company's investment strategies, monitoring investment opportunities, and ensuring their alignment with the company's strategy and the approved risk management framework.

The Committee consists of four members: three non-executive members, one independent member, and one member from the executive management team. During 2025, the Committee held four meetings with 100% attendance from all members and submitted its recommendations to the Board of Directors.

It is worth noting that the CEO's participation in the Investment Committee is solely in his official capacity, supporting the Committee's work from a technical and operational perspective, without any additional compensation or benefits.

### **Committee Duties and Responsibilities:**

The Investment Committee exercises its supervisory duties within its approved authority. Its key responsibilities include:

- Approving and periodically reviewing the investment strategy.
- Studying investment opportunities presented by the Executive Management, evaluating their feasibility and associated risks.
- Reviewing the performance of existing investments and assessing their achievement of approved objectives.
- Reviewing the impact of proposed investments and transactions on the company's financial position.
- Evaluating proposed investment transactions, including acquisitions or divestments.
- Overseeing the management of investment assets, including portfolios and investment funds.
- Monitoring periodic reports on project and investment performance.
- Ensuring that investments comply with the approved investment policy and risk management framework.

### **Key Achievements of the Investment Committee in 2025**

During 2025, the Investment Committee undertook the following tasks and achievements:

- Coordinating with the Executive Management, discussing and reviewing the proposed investment policy to ensure its alignment with the nature of the company's business, activities, and associated risks, and submitting recommendations to the Board of Directors.
- Overseeing the development and design of appropriate tools and indicators to measure and evaluate investment performance.
- Evaluating investment opportunities proposed by the executive management, including opportunities related to joint ventures and acquisitions or divestments.
- Prioritizing proposed investment opportunities and submitting recommendations to the Board of Directors.
- Continuously review periodic reports on the company's projects and existing investments.

The Investment Committee's performance during 2025 reflects the company's commitment to applying governance principles in investment management, supporting the Board of Directors in overseeing investment decisions, and ensuring their alignment with the approved strategy and risk management framework.

Investments that are appropriate to the nature of the company's business, its activities, and the associated risks.

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

The company is committed to providing Board members with accurate and timely information and data, including reports and documents relevant to meeting topics, at least three working days in advance. Members are also empowered to request additional information as needed, supporting sound decision-making.

## Principle Three

### Selecting Competent Individuals for Board Membership and Executive Management Brief on the implementation of requirements for forming the Nominations and Remunerations Committee:

About the Application of Nominations and Remuneration Committee Requirements

The Board of Directors places great importance on selecting competent and experienced Board members and executive management to ensure effective company management and the achievement of its strategic objectives. This is in accordance with corporate governance requirements issued by the Capital Market Authority and best practices.

In this context, the Board of Directors has established the Nominations and Remuneration Committee, which plays an active supervisory role in supporting the Board in nominating Board members and Executive Management, ensuring the availability of competency and independence criteria, and reviewing the remuneration policy to ensure fairness, transparency, and performance-based compensation. The committee reviews the required skills and experience for board membership, periodically evaluates the performance of board members, and submits necessary recommendations to the board to enhance its effectiveness and continuously improve its performance.

During 2025, the committee carried out its duties within its authorized powers and supported the board in making decisions regarding nominations and remuneration, in accordance with the approved organizational structure and the company's governance policies.

### Remuneration Report for Board Members and Executive Management

Remuneration for board members and executive management is granted according to the company's approved remuneration policy, which was developed to achieve fairness and balance between performance incentives and business sustainability, and in compliance with the corporate governance requirements issued by the Capital Market Authority and best practices.

During 2025, the remuneration policy was implemented according to the approved frameworks and controls, after review by the Nominations and Remuneration Committee, which submitted the necessary recommendations to the board. The board members' remuneration was then approved by the General Assembly in accordance with the established procedures.

The details of the remuneration granted to the Board of Directors and Executive Management are as follows:

Remuneration and benefits of Members of the Board of Directors								
Total number of Members	Remuneration 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
7	2,232.5	272,000	383,000	59,000	-	-	21,346	-

### Total remuneration and benefits granted to the five senior executives who have received the highest remuneration. This is in addition to the Chief Executive Officer and the financial manager or their deputy, if not included

Total executive positions	Remuneration & Benefits through the Parent Company				Variable Remuneration & Benefits (KD)	Variable Remuneration & Benefits (KD)
	Monthly salaries (total during the year)	Health Insurance	Transportation Allowance	Children Education Allowance	Annual Bonus	Monthly salaries (total during the year)
6	804,000	9,823	36,000	17,500	590,000	105,000

Any material deviations from the Board of Directors' approved remuneration policy

**There are no material deviations from the approved remuneration policy.**

## Principle Four

### Ensuring Financial Reporting Integrity

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

The Board of Directors and Executive Management of the Company are committed to ensuring the accuracy and integrity of the financial statements and reports, and their compliance with applicable accounting standards, regulations, and instructions.

In this context, both members of the Board of Directors and Executive Management have submitted written undertakings confirming their responsibility for the accuracy and integrity of the prepared financial statements and their compliance with applicable accounting standards and regulations, in support of the principle of transparency and to enhance the confidence of shareholders and stakeholders.



## Overview of Audit Committee Formation Requirements

Based on the Capital Markets Authority's instructions and its implementing regulations and amendments, the Board of Directors formed the Audit and Risk Committee after its election on March 16, 2025, in compliance with the regulatory requirements related to the committee's formation and responsibilities.

The committee carries out its duties within its assigned powers, which include overseeing the integrity of financial reports, reviewing internal control systems, monitoring internal and external audit activities, and ensuring the soundness of the procedures followed.

### **In the event of a conflict between the Audit Committee's recommendations and the Board of Directors' decisions, a detailed statement explaining the recommendations and the reason(s) behind the Board's decision not to adhere to them must be included.**

In accordance with the Audit and Risk Committee's bylaws, if a conflict arises between the committee's recommendations and the Board's decisions, a statement explaining the reasons for not adopting those recommendations must be included in the minutes of the Board meetings, in compliance with the principle of transparency.

During 2025, no conflicts occurred between the Audit and Risk Committee's recommendations and the Board's decisions.

## Verification of the Independence and Neutrality of the External Auditor

The company is committed to ensuring the independence and impartiality of its external auditor by not assigning them any additional tasks that could compromise their independence, beyond the audit work permitted by regulations and approved by the Capital Markets Authority, and in accordance with regulatory requirements and best professional practices. The external auditors have submitted a written undertaking confirming their commitment to independence, impartiality, and the approved professional standards.

## Principle Five

### **Establishing Sound Risk Management and Internal Control Systems**

#### **Brief on Implementing the Requirements for Establishing an Independent Risk Management Department/Office/Unit**

The company is committed to implementing effective risk management systems that support the achievement of its strategic objectives and mitigate potential risks to its operations, in compliance with the corporate governance requirements issued by the Capital Markets Authority.

A Risk Management Policy has been adopted, which defines the general frameworks and methodology adopted for identifying, measuring, evaluating, and monitoring risks, and the mechanisms for submitting periodic reports on these risks, in accordance with the nature of the company's activities and the acceptable risk level (risk appetite) approved by the Board of Directors.

The Risk Management Office operates independently and reports to the Audit and Risk Committee and the Board of Directors, in accordance with its approved mandate, thereby enhancing the effectiveness of oversight and control.

#### **Summary of the Implementation of the Risk Management Committee Formation Requirements**

Based on the Capital Markets Authority's instructions and its implementing regulations and amendments, and pursuant to a Board of Directors' decision, the Audit and Risk Committee (combined) was formed following the Capital Markets Authority's approval on January 18, 2016. The committee's

duties and responsibilities after the merger were carried out as stipulated in Book Fifteen (Corporate Governance). The committee's tasks, responsibilities, term of office for its members, and working methods were defined within the Audit and Risk Regulations approved by the Board of Directors.

The committee aims to improve the Board's effective oversight by undertaking tasks related to all aspects of risk management, including assisting the Board in identifying and assessing the acceptable level of risk within the company and ensuring that the company does not exceed this level.

## Summary of Internal Control Systems

The Board of Directors places particular importance on the effectiveness of the internal control system. A comprehensive control system has been established and implemented, encompassing the necessary policies, procedures, and controls, to protect the company's assets, ensure the accuracy and integrity of financial data, and guarantee compliance with applicable laws and regulations.

The internal control system is subject to periodic review and evaluation. The results of these reviews and any significant observations are submitted to the Audit and Risk Committee and the Board of Directors, along with follow-up on the implementation of necessary corrective actions.

### **Brief Statement on Implementing the Requirements for Establishing an Independent Internal Audit Department/Office/Unit**

An independent Internal Audit Department has been established within the company's organizational structure. The department operates with full independence and reports directly to the Board Audit and Risk Committee in accordance with the requirements of the Capital Markets Authority (CMA). The Internal Audit consultant implements the approved annual audit plan, reviews systems, procedures, and internal controls, and submits reports that include observations and recommendations, as well as follows up on the implementation of corrective actions in coordination with the relevant departments. The implementation of risk management, internal control, and internal audit systems during 2025 reflects the company's commitment to strengthening its governance framework, supporting the Board of Directors in fulfilling its supervisory role, and ensuring the integrity of operations and the sustainability of the business in compliance with Capital Markets Authority requirements and recognized best practices.

## Principle Six

### **Promoting Professional Code of Conduct and Ethical Values**

#### **Summary of the Code of Conduct, which includes standards and guidelines for professional conduct and ethical values:**

The company adopts a comprehensive framework to promote professional conduct and ethical values, aiming to instill the principles of integrity, transparency, and accountability in all its activities. This includes the Code of Professional Conduct, the Whistleblowing Policy, Conflict of Interest Policy, Shareholders' Rights Policy, Disclosure Policy, and Data Privacy and Protection Policy. These policies apply to members of the Board of Directors, the Executive Management, employees, suppliers, and business partners.

#### **Summary of Policies and Mechanisms for Mitigating Conflicts of Interest**

The company has adopted clear policies and mechanisms to mitigate conflicts of interest, including disclosure, remediation, and follow-up, ensuring the protection of the company's and stakeholders' interests and compliance with regulatory requirements and best governance practices.

These policies are subject to periodic review, and relevant information is published through the company's official channels.

## Principle Seven

### Accurate and Timely Disclosure and Transparency

#### Summary of the Application of Accurate and Transparent Disclosure Mechanisms that Define Aspects, Areas, and Characteristics of Disclosure:

The Board of Directors is committed to upholding the principles of disclosure and transparency by developing and adopting policies and mechanisms that ensure compliance with laws, executive regulations, and the instructions of the Capital Markets Authority and the Kuwait Stock Exchange. This ensures the protection of shareholders' rights, enhances investor confidence, and maintains the company's reputation.

The Disclosure and Transparency Policy has been established and adopted by the Board of Directors and is reviewed periodically. It encompasses all aspects related to the disclosure of material information and data, ensuring that disclosures are clear, accurate, impartial, easy to understand, and timely.

The company is also committed to disclosing essential information and data, as well as financial and annual reports, through its website, in accordance with the requirements of the relevant regulatory authorities.

#### Overview of the Board and Executive Management Disclosure Register Requirements

A dedicated register of disclosures by members of the Board of Directors and the Executive Management has been established. This register is continuously updated and made available free of charge to relevant authorities, ensuring transparency and compliance with regulatory requirements.

#### Overview of the implementation of requirements for establishing the Investor Affairs Unit

Based on the instructions of the Capital Markets Authority and the Kuwait Stock Exchange, the company established a specialized Investor Affairs Unit by a Board of Directors resolution. This unit is responsible for communicating with shareholders and investors, providing them with essential information regarding the company's activities, financial performance, and strategic direction. It also organizes attendance and voting at general assemblies and establishes effective communication channels with all stakeholders.

#### Information Technology Infrastructure and Disclosure Processes

- The company's electronic disclosure relies on its official website, which includes all periodic and financial disclosures and reports, as well as business results.
- Disclosures to regulatory authorities are made through the electronic channels approved by the Capital Markets Authority and the Kuwait Stock Exchange.
- The website contains information about the Board of Directors, the Executive Management, the Articles of Association, and approved policies and regulations.
- The company adopts an internal data and document management system that allows its employees organized and secure access to information relevant to the company's business.

## Principle Eight

### Respect of Shareholders Rights

#### Summary of the Application of Requirements for Defining and Protecting Shareholders' General Rights to Ensure Fairness and Equality Among All Shareholders:

The Board of Directors is committed to protecting shareholders' rights and ensuring their fair and equal treatment. This is achieved through adherence to the provisions of relevant laws and regulations, as well as the instructions of the Capital Markets Authority, thereby enabling shareholders to exercise



their fundamental rights. These rights include the right to access information, participate in general assemblies, vote on resolutions, and receive their share of the allocated profits.

#### Shareholder Data Register with the Clearing Agency

The company is committed to establishing and maintaining a shareholder register with the clearing agency. This register documents and continuously monitors shareholder data, ensuring its accuracy and integrity. It also helps protect shareholders' rights and regulates communication with them in accordance with approved frameworks and regulations.

#### Overview of How Shareholders Are Encouraged to Participate and Vote at Company General Meetings

The company encourages shareholders to attend general meetings, participate in discussions, and vote on agenda items. This is achieved through advance announcement of meeting dates and agendas, providing necessary information for decision-making, and utilizing approved notification and disclosure channels. These measures contribute to enhancing transparency and empowering shareholders in governance.

## Principle Nine

### Recognizing the Role of Stakeholders

#### Summary of Systems and Policies that Ensure the Protection and Recognition of Stakeholder Rights:

The company recognizes the important role of stakeholders in supporting the sustainability of its business and achieving its objectives. Stakeholders include, but are not limited to, employees, customers, suppliers, contractors, regulatory bodies, and the community.

In this context, the company adopts internal policies and systems that ensure the protection and recognition of stakeholder rights, in accordance with relevant laws and regulations, and promote the principles of fairness, transparency, and corporate responsibility.

#### Summary of How to Encourage Stakeholder Participation in Monitoring Company Activities

The company is committed to fostering effective communication channels with stakeholders and encouraging their interaction and participation in monitoring company activities. This is achieved through providing approved communication channels, receiving feedback and inquiries, and considering relevant proposals. This contributes to improving corporate performance and supporting business continuity, without compromising the company's interests or the rights of its shareholders.

## Principle Ten

### Enhancing and Improving Performance

#### Summary of Implementing Requirements for Establishing Mechanisms that Enable Board Members and Executive Management to Access Ongoing Training Programs and Courses

The Board of Directors is committed to supporting the continuous development of its members and executive management by providing training and capacity-building opportunities. This contributes to enhancing professional competence, raising awareness of organizational and governance changes and best practices, and supporting effective decision-making and the achievement of the company's strategic objectives.

#### Overview of How to Evaluate the Performance of the Board as a Whole, and the Performance of Each Board Member and Executive Management Member:

The Board of Directors adopts a systematic mechanism to evaluate its overall performance, in addition to evaluating the performance of its members and committees, as well as the performance of executive management. This is done using approved evaluation models and criteria. The evaluation results are analyzed and discussed to identify areas for improvement and enhance the efficiency of corporate performance.

#### Overview of the Board of Directors' Efforts in Creating Corporate Values Among Company Employees by Achieving Strategic Objectives and Improving Performance:

The Board of Directors works to instill a culture of corporate value creation within the company by linking performance to strategic objectives and promoting the principles of efficiency, responsibility, and accountability. This positively impacts performance rates and contributes to the company's sustainable growth.

## Principle Eleven

### Focus on the Importance of Social Responsibility

#### A Summary of the Policy Establishing to Ensure a Balance Between Company and Community Objectives

The company adopts a social responsibility policy aimed at achieving a balance between its economic objectives and the requirements of community development. This policy aligns with the company's

overall strategy and corporate values, contributing to sustainability and enhancing the positive impact of its operations.

#### An Overview of the Programs and Mechanisms Used to Highlight the Company's Efforts in Social Work and Participating Events

The company implements a number of social initiatives and programs. These efforts are highlighted through periodic disclosures and reports, as well as official channels, reflecting the company's commitment to its social role and strengthening its relationships with various segments of society.

#### Overview of Programs and Mechanisms Used to Highlight the Company's Social Engagement Efforts and Sponsored Events

Mabaneer believes in the importance of supporting and adopting community initiatives as part of its corporate social responsibility (CSR) approach. The company collaborates with numerous governmental and non profit organizations by providing them with appropriate spaces in The Avenues to host their events free of charge, enabling them to raise awareness of their campaigns and engage with visitors.

In addition, Mabaneer independently launches awareness campaigns and fully organizes community initiatives in collaboration with various entities. For example, the company works annually with the Public Authority for Disability Affairs to organize the "I Am Gifted" exhibition. In 2025, Mabaneer also supported and hosted several key initiatives, including the Recycling Art Exhibition by Kuwait's "HEI" Schools to educate children about sustainability; the "Story of Inspiration" exhibition honoring individuals with disabilities and showcasing their achievements; and the "She Is the Mark" activation celebrating remarkable Kuwaiti women on Kuwaiti Women's Day.

The Avenues also launched the "Not Just Pink" breast cancer awareness campaign, which included a walk inside the mall organized in collaboration with Lululemon and Waldorf Astoria, as well as a booth hosted jointly with the Women's Cultural and Social Society and Neocare Medical Clinic to educate visitors about breast cancer. Additionally, The Avenues hosted two editions of the "Blooms Market", the first environmentally friendly and sustainable exhibition of its kind in Kuwait.

Throughout 2025, The Avenues continued its fruitful cooperation with the National Council for Culture, Arts and Letters by hosting several cultural events. In support of cultural and community focused activities, the Korean Embassy in Kuwait partnered with The Avenues to present the largest Korean Festival for health, beauty, and culture in 2025.

Aligned with Mabaneer's commitment to empowering youth, The Avenues also supported two talented young musicians by giving them the opportunity to perform piano recitals in the Prestige district on a regular basis, an initiative that garnered praise from visitors.

#### Categories of Mabaneer's Community Investments

Mabaneer's community contributions fall within the following categories:

1. Social and Community Development
2. Culture and Environment
3. Innovation, Education, and Health
4. Sports and Youth

#### CSR Activities and Initiatives Organized or Supported by Mabaneer in 2025

Below is the complete list of activities, categorized according to Mabaneer's CSR framework.

#### Social and Community Development Total Contribution: KD 472,950 Activities included:

1. Mercedes Benz Classic Cars Exhibition (Mercedes Classic Team – Kuwait)
2. Ministry of Education Exhibition "The Kuwaiti Identity of Existence"

3. Jahra Educational Zone National Day Celebration
4. Art Exhibition by the Ministry of Education and the Kuwait Society for the Protection of Public Funds
5. The Avenues' "Story of Inspiration" exhibition celebrating individuals with disabilities
6. The Avenues' "She Is the Mark" activation for Kuwaiti Women's Day
7. Photography Exhibition in collaboration with the Sadu Society
8. Kuwait University Photography Exhibition
9. National Council for Culture, Arts and Letters (NCCAL) Summer Festival announcement event
10. Indian Embassy Mango Festival
11. Public Authority for Manpower Anti Human Trafficking Day
12. Traditional cultural performance as part of NCCAL's Summer Festival
13. Public Authority for Minors Affairs Back to School Event
14. Chinese Cultural Center Performance
15. Italian Embassy "Italian Week" activities
16. Ministry of Interior Police Race Registration Booth
17. UNHCR Winter Campaign Support Booth
18. Ministry of Interior GCC Traffic Week Event
19. Central Bank of Kuwait ATM distribution for Eid Al Fitr
20. Child Evaluation and Education Center Art Exhibition for students with learning difficulties
21. Kuwait Society for Social Protection against Violence Booth
22. Kuwait Lawyers Society Anti Drug Awareness Booth
23. Central Bank of Kuwait ATM distribution for Eid Al Adha
24. Ministry of Information "Visit Kuwait" Tourism Platform Booth
25. Public Authority for Awqaf Information Booth
26. NCCAL signage installation
27. Public Authority for Minors Affairs Awareness Booth
28. Public Authority for Awqaf Hajj Registration Booth
29. Competition Protection Authority Awareness Booth
30. Kuwait Society for Social Protection Against Violence (Women's Rights) Event
31. Launch of Bloom market in the Avenues Sky Area, Kuwait's first eco friendly exhibition, in partnership with Seeds and The Avenues
32. Public Authority for Housing Welfare Awareness Booth
33. Ministry of Interior Anti Drug Campaign Booth
34. Martyrs' Office National Day Exhibition
35. Kuwait Al Salam Humanitarian Society Awareness Booth
36. Kuwait Autism Society Awareness Event (World Autism Day)
37. "I Am Gifted 6" Exhibition with the Public Authority for Disability Affairs (International Day of Persons with Disabilities)

### **Culture and Environment Total Contribution: KD 125,493 Activities included:**

1. NCCAL booth for the Al Qurain Cultural Festival (30th Edition)
2. NCCAL photography exhibition
3. Support for the Recycling Art Exhibition by "HEI" Schools
4. UAE Cultural Days (Embassy of the UAE)
5. Korean Tourism, Health, and Beauty Festival (Embassy of Korea)
6. "Wafer" Booth by the Ministry of Electricity, Water, and Renewable Energy for conservation awareness
7. Ministry of Information Booth promoting the play "Zarqoon"
8. NCCAL Summer Festival & National Museum Activities

9. Bloom Market (eco friendly exhibition)
10. NCCAL booth for Summer Festival.
11. Traditional folk music performances under NCCAL's Summer Festival
12. Kuwait Gulf Oil Company National Day Celebration
13. Kuwait Food & Nutrition Public Authority Waste Reduction Event
14. NCCAL signage installation
15. Kuwait Institute for Scientific Research screen installations
16. NCCAL musical performance

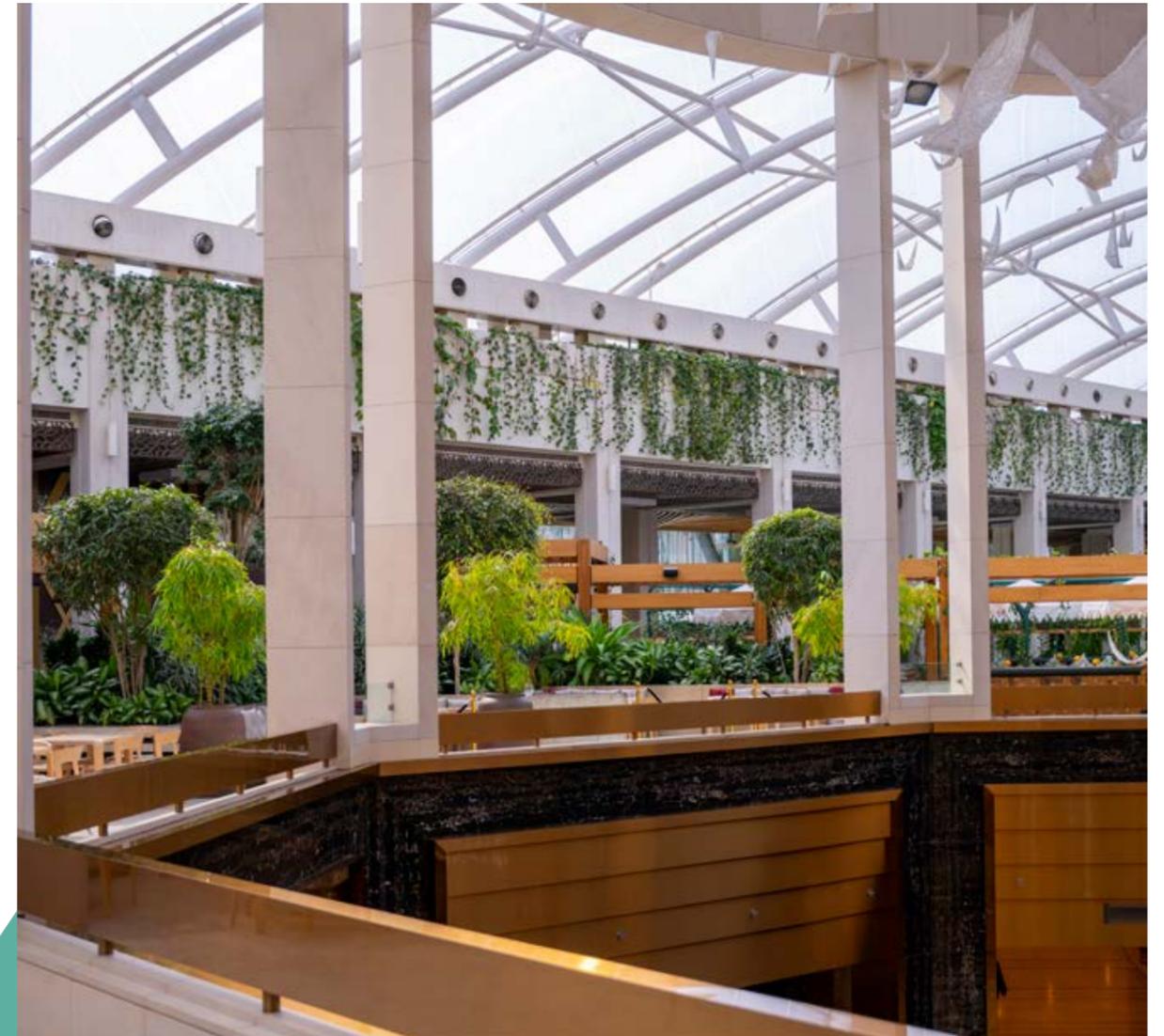
### **Innovation, Education, and Health Total Contribution: KD 237,968 Activities included dozens of health, awareness, and educational campaigns such as:**

- 1- Al-Ahmadi Hospital and Kuwait Oil Company Cervical Cancer Awareness Event.
- 2- Children's Heart Charity Awareness Booth.
- 3- Kuwait University Booth on University Registration and Admission.
- 4- Kuwait Pediatric Association Awareness Booth.
- 5- Health Awareness Campaign by the Kuwait Pediatric Association.
- 6- Kuwait Kidney Association's World Kidney Day Celebration.
- 7- Anti-Obesity Society in Kuwait's Obesity Awareness Campaign.
- 8- Kuwait Medical Association's Launch of the "Balsam" Campaign Showcasing Medical Achievements.
- 9- Ministry of Health's World Medical Laboratories Day Event.
- 10- World Herpes Zoster Awareness Day Event by the Kuwait Society of Dermatologists.
- 11- Ministry of Health: Nursing's World Nursing Day Celebration.
- 12- University Admission Awareness Booth by Abdullah Al-Salem University.
- 13- Awareness Exhibition by the Ministry of Higher Education.
- 14- Awareness Campaign by the Ministry of Health.
- 15- Public Authority for Food and Nutrition's World Food Safety Day Event.
- 16- Ministry of Health's Environmental Health Awareness Event.
- 17- Awareness Booth by the Kuwait Society of Dermatologists.
- 18- Kuwait University Booth on the University Admission Campaign.
- 19- Private Universities Council General Secretariat's "Make Your Future" Campaign.
- 20- Kuwait Surgical Society's Skull and Face Diseases Awareness Campaign.
- 21- Awareness Booth for the Kuwait Pediatric Association.
- 22- Public Authority for Applied Education and Training's "My Beginning" Awareness Booth.
- 23- National Guard Registration Booth.
- 24- Ministry of Health's "Healthy Residents" Campaign.
- 25- Kuwait Physical Therapy Association's Healthy Aging Event.
- 26- First Aid Event by the Kuwait Red Crescent Society.
- 27- Kuwait Pharmaceutical Society's World Pharmacist Day Event.
- 28- Kuwait University Booth Introducing the Robot Competition.
- 29- Women's Cultural and Social Society Breast Cancer Awareness Booth.
- 30- Kuwait Surgical Society Breast Cancer Awareness Event.
- 31- Kuwait Rheumatology Association Arthritis Awareness Event.
- 32- Kuwait Red Crescent Society Breast Cancer Awareness Booth.
- 33- Ministry of Health's World Anesthesia Day Event.
- 34- Kuwait Osteoporosis Society Osteoporosis Awareness Booth.
- 35- Kuwait Dermatology Association's World Psoriasis Day Awareness Event.
- 36- Installation of the National Institute for Leadership Signage.
- 37- National Cancer Awareness Campaign's Breast Cancer Awareness Event.

- 38- Kuwait Cancer Control Center's Breast Cancer Awareness Event.
- 39- Kuwait Learning Differences Association's ADHD Awareness Event.
- 40- CPR Campaign by the Ministry of Health.
- 41- Anti-Obesity Campaign by the Kuwait Surgical Society.
- 42- World Radiology Day Awareness Booth by the Ministry of Health.
- 43- CPR Campaign by the Kuwait Oil Company.
- 44- World Diabetes Day Event by the Dasman Diabetes Institute.
- 45- Al-Amiri Hospital's World Diabetes Day Event.
- 46- Kuwait Urology Association Prostate Cancer Awareness Booth.
- 47- Kuwait Pediatric Association Thalassemia Awareness Event.
- 48- Ministry of Health Disability Awareness Booth.
- 49- Kuwait University Disability Awareness Booth.
- 50- Farwaniya Governorate Blood Donation Campaign.
- 51- Awareness Booth by the Kuwait Dental Association.
- 52- "Camp Safely" Campaign by the General Fire Force.
- 53- National Antimicrobial Resistance Awareness Campaign by the Ministry of Health.

**Sports and Youth Total Contribution: KD 8,000 Activities included:**

1. Public Authority for Sports Field Health Awareness Campaign
2. PAS International Physical Therapy Day Celebration



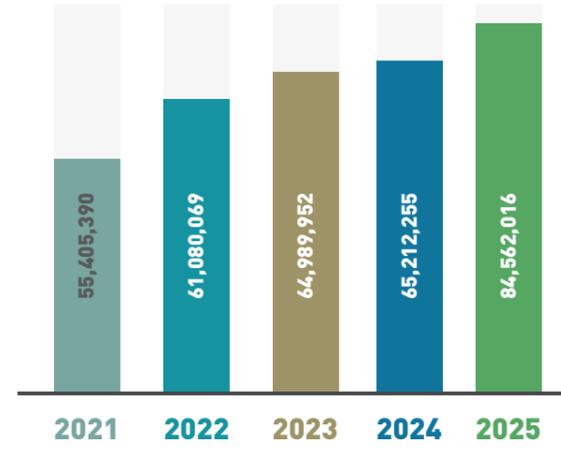


## FINANCIAL HIGHLIGHTS

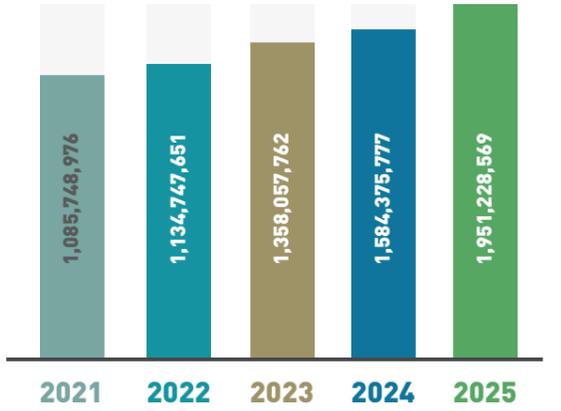
70 | Financial Highlights

# FINANCIAL HIGHLIGHTS

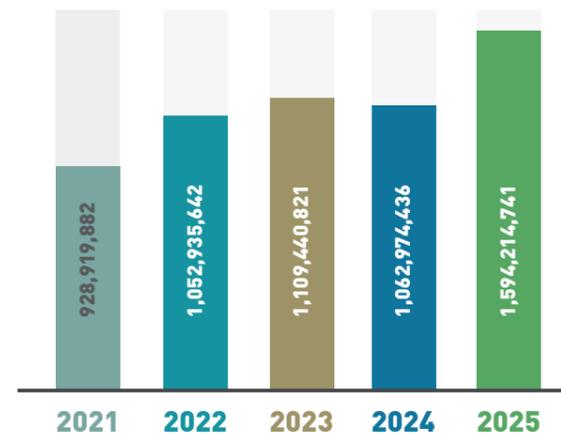
## Net Profit



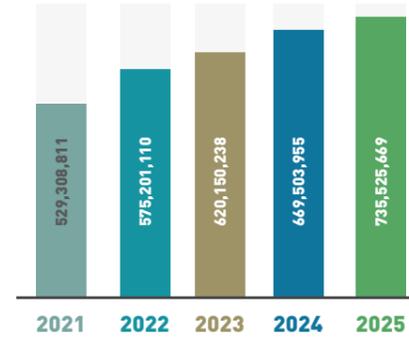
## Total Assets



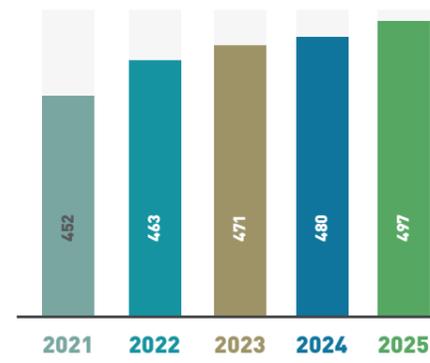
## Market Capitalization



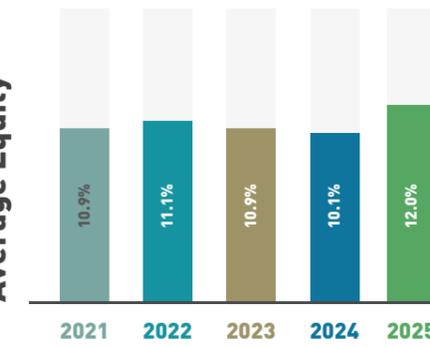
## Total Shareholder's Equity



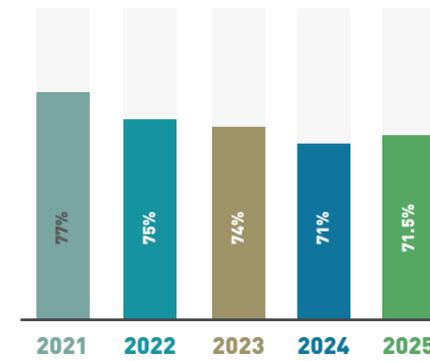
## Book Value - Fils



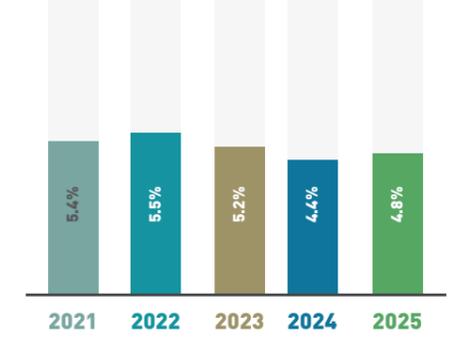
## Return On Average Equity



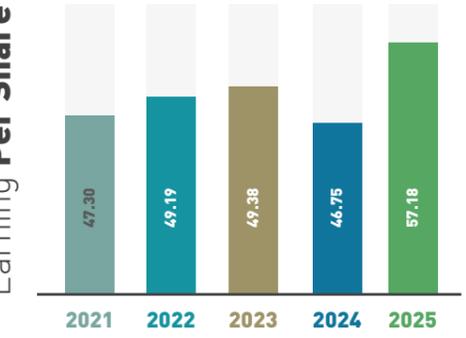
## Gross Profit Margin



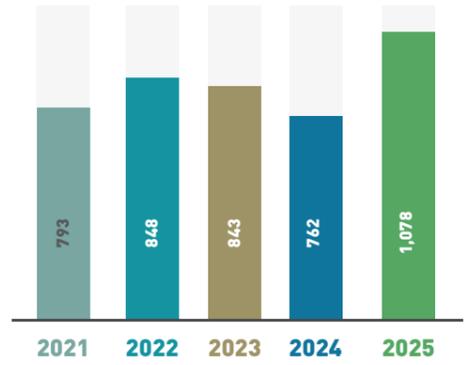
## Return On Average Assets



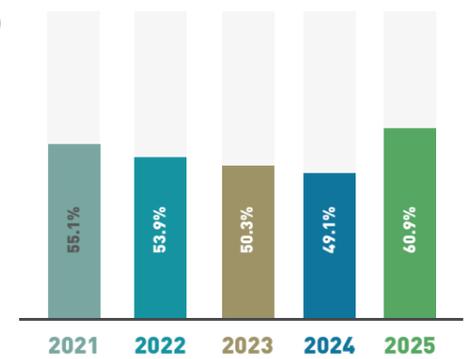
## Earnings Per Share - Fils\*



## Share Market Price - Fils



## Net Profit Margin



\* The Earnings per share for the previous years have not been adjusted to account for the bonus shares issued in 2025.



## CONSOLIDATED FINANCIAL STATEMENTS & INDEPENDENT AUDITORS' REPORT 31 DECEMBER 2025

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82-117	Notes to the Consolidated Financial Statements

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### 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 2025, 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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) as applicable to audits of consolidated financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

Revenue recognition - Leases

The Group recognised revenue from leases of KWD 100,320,227 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 judgment in applying the straight-line basis of revenue recognition for lease income. In addition, the Group is dependent on its IT system to record revenue from leases appropriately.

We have considered revenue recognition from leases to be a key audit matter given the quantitative significant of the amount to the consolidated financial statements, the level of judgement applied by management and the level of audit effort required.

The lease revenue recognition policy is given in the accounting policies section of the notes (2.4.15) to the consolidated financial statements, and related disclosures are included in note 16 to the consolidated financial statements.

#### How our audit addressed the key audit matter

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 tests 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 2025

Management is responsible for the other information. The other information comprises the information included in the Group's 2025 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 auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of 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

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF MABANEE COMPANY K.P.S.C (CONTINUED)**

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 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**

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 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 7 of 2010, as amended, concerning establishment of Capital Markets Authority "CMA" and organisation of security activity and its executive regulations during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

Talal Yousef Al Muzaini  
Licence No. 209A  
Deloitte & Touche - Al-Wazzan & Co.



1 February 2026  
Kuwait

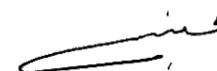
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EY  
Al-Aiban, Al-Osaimi & Partners



**MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025**

	Notes	Kuwaiti Dinars	
		2025	2024
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	3	139,173,997	140,966,439
Investment properties	4a	1,487,107,871	1,123,571,653
Investments in associates	5	63,431,799	57,283,913
Right of use assets	6	63,616,484	23,238,607
Advance payments and prepayments	7	64,099,209	59,296,170
Investment securities		1,872,688	1,853,939
		<u>1,819,302,048</u>	<u>1,406,210,721</u>
<b>CURRENT ASSETS</b>			
Receivables from associates	21	318,398	407,843
Accounts receivable and other assets	8	56,062,731	33,261,248
Cash and bank balances	9	75,545,392	138,051,356
		<u>131,926,521</u>	<u>171,720,447</u>
Asset held for sale	4b	-	6,444,609
		<u>131,926,521</u>	<u>178,165,056</u>
		<u>1,951,228,569</u>	<u>1,584,375,777</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	10	147,886,500	139,515,566
Share premium	10	16,505,381	16,505,381
Statutory reserve	10	92,023,222	83,083,024
Voluntary reserve	10	92,023,222	83,083,024
Treasury shares reserve		42,442	42,442
Foreign currency translation reserve		7,414,722	7,131,106
Fair value reserve		(1,234,487)	(1,372,145)
Other reserves	10	(1,342,499)	(2,028,657)
Retained earnings		382,207,166	343,544,214
		<u>735,525,669</u>	<u>669,503,955</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
<b>NON-CONTROLLING INTEREST</b>			
	23	106,432,715	83,440,637
		<u>841,958,384</u>	<u>752,944,592</u>
<b>TOTAL EQUITY</b>			
<b>NON-CURRENT LIABILITIES</b>			
Provision for staff indemnity		7,174,523	6,389,332
Finance from banks	13	835,494,463	580,487,318
Lease liabilities	12	65,190,550	13,222,774
Other non-current liabilities	11	86,613,293	56,430,625
		<u>994,472,829</u>	<u>656,530,049</u>
<b>CURRENT LIABILITIES</b>			
Finance from banks	13	43,852,562	106,481,753
Lease liabilities	12	424,459	8,822,644
Accounts and other payables	14	70,520,335	59,596,739
		<u>114,797,356</u>	<u>174,901,136</u>
		<u>1,109,270,185</u>	<u>831,431,185</u>
		<u>1,951,228,569</u>	<u>1,584,375,777</u>

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.



**MOHAMMED ABDULAZIZ ALSHAYA**  
Chairman

	Notes	Kuwaiti Dinars	
		2025	2024
<b>REVENUE</b>			
Revenue from investment properties	16	117,602,260	115,242,474
Revenue from hotel operations	17	21,084,101	17,583,863
		<u>138,686,361</u>	<u>132,826,337</u>
<b>COST OF REVENUE</b>			
Investment properties expenses	18	(27,324,680)	(25,660,471)
Depreciation expense on investment properties	4	(11,366,285)	(11,339,809)
Hotel operation's expenses		(13,765,306)	(12,209,781)
Depreciation expense on hotel properties	3	(4,112,635)	(4,343,915)
		<u>(56,568,906)</u>	<u>(53,553,976)</u>
<b>GROSS PROFIT</b>		<u>82,117,455</u>	<u>79,272,361</u>
General and administrative expenses	19	(12,006,054)	(6,787,075)
Gain from disposal of asset held for sale	4b	21,555,391	-
Finance costs		(7,952,911)	(13,417,777)
Other income		4,237,804	8,858,294
Share of results from associates	5	783,345	793,450
<b>PROFIT FOR THE YEAR BEFORE DISTRIBUTIONS</b>		<u>88,735,030</u>	<u>68,719,253</u>
Taxation	20	(4,125,960)	(3,180,491)
Director's fees	21	(714,000)	(730,000)
<b>PROFIT FOR THE YEAR</b>		<u>83,895,070</u>	<u>64,808,762</u>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Parent Company		84,562,016	65,212,255
Non-controlling interests		(666,946)	(403,493)
		<u>83,895,070</u>	<u>64,808,762</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>	22	<u>57.18 fils</u>	<u>44.10 fils</u>

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

	Kuwaiti Dinars	
	2025	2024
<b>PROFIT FOR THE YEAR</b>	<u>83,895,070</u>	<u>64,808,762</u>
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>		
Items that will not be reclassified to consolidated statement of income in subsequent periods: Net gain (loss) on equity investment designated at fair value through other comprehensive income ("FVOCI")	22,090	(33,269)
Items that are or may be reclassified subsequently to consolidated statement of income: Exchange differences on translating foreign operations	(1,715,136)	961,492
<b>OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>	<u>(1,693,046)</u>	<u>928,223</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>82,202,024</u>	<u>65,736,985</u>
<b>ATTRIBUTABLE TO</b>		
Equity holders of the Parent Company	84,867,722	67,732,255
Non-controlling interest	(2,665,698)	(1,995,270)
	<u>82,202,024</u>	<u>65,736,985</u>

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

	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
<b>AS AT 1 JANUARY 2024</b>	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 income (loss) for the year	-	-	-	-	-	-	2,553,269	(33,269)	-	65,212,255	67,732,255	(1,995,270)	65,736,985
Cash 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	-	-	-	-	-	-	-	-	-	-	-	4,736,922	4,736,922
<b>AS AT 31 DECEMBER 2024</b>	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
<b>AS AT 1 JANUARY 2025</b>	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
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	84,562,016	84,562,016	(666,946)	83,895,070
Other comprehensive income (loss) for the year	-	-	-	-	-	-	283,616	22,090	-	-	305,706	(1,998,752)	(1,693,046)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	283,616	22,090	-	84,562,016	84,867,722	(2,665,698)	82,202,024
Transfer of fair value loss on equity investments	-	-	-	-	-	-	-	115,568	-	(115,568)	-	-	-
Cash dividends for 2024 (Note 10)	-	-	-	-	-	-	-	-	-	(19,532,166)	(19,532,166)	-	(19,532,166)
Issue of Bonus Shares (Note 10)	8,370,934	-	-	-	-	-	-	-	-	(8,370,934)	-	-	-
Transfer to reserves	-	-	8,940,198	8,940,198	-	-	-	-	-	(17,880,396)	-	-	-
Non-controlling interest contribution plan	-	-	-	-	-	-	-	-	-	-	-	26,343,934	26,343,934
Effect of disposing share in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(686,158)	(686,158)
<b>AS AT 31 DECEMBER 2025</b>	147,886,500	16,505,381	92,023,222	92,023,222	-	42,442	7,414,722	(1,234,487)	(1,342,499)	382,207,166	735,525,669	106,432,715	841,958,384

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

	Notes	Kuwaiti Dinars	
		2025	2024
<b>OPERATING ACTIVITIES</b>			
Profit for the year before taxation and director's fee		88,735,030	68,719,253
Adjustments for:			
Depreciation of investment and hotel properties	3 & 4	16,659,694	16,770,313
Depreciation on rights of use assets	6	8,576,767	8,575,203
Provision for staff indemnity		939,461	2,370,478
Net gain (loss) on investment securities		3,342	(1,049)
Finance costs		7,952,911	13,417,777
Bank deposit income		(4,435,026)	(8,503,122)
Gain on disposal of asset held for sale	4b	(21,555,391)	-
Expected credit loss on accounts receivable	26	2,404,151	-
Share of results from associates	5	(783,345)	(793,450)
		98,497,594	100,555,403
Working capital changes:			
Receivable from associates		89,445	666,169
Accounts receivable and other assets		(25,838,704)	(12,666,940)
Accounts and other payables		(16,681,582)	(10,880,051)
Other non-current liabilities		1,892,070	-
<b>CASH FLOWS FROM OPERATIONS</b>		57,958,823	77,674,581
Payment of staff indemnity		(101,206)	(140,858)
Taxation and director's fees paid		(3,777,637)	(3,840,727)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		54,079,980	73,692,996
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment	3	(1,446,103)	(1,246,901)
Additions to investment properties and advance paid to sub-contractor	4 & 7	(277,155,146)	(168,520,787)
Investment in term deposit in excess of three months		74,906,045	23,253,422
Proceeds from sale of asset held for sale		28,000,000	-
Proceeds from sale of investment securities		-	24,092
Dividend income received from investment in associates	5	356,846	275,978
Bank deposit income received		3,083,371	4,368,293
Additional investment in associates	5	(5,936,145)	(3,395,239)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		(178,191,132)	(145,241,142)
<b>FINANCING ACTIVITIES</b>			
Finance from banks obtained		260,585,013	172,880,127
Finance from banks repaid		(64,200,785)	(35,193,876)
Repayment of principal on lease liabilities	12	(9,067,772)	(8,705,218)
Repayment of interest of lease liabilities		(2,844,259)	(700,549)
Dividends paid	10	(19,532,166)	(18,420,980)
Funding from non-controlling interest to a subsidiary		26,343,934	4,736,922
Purchases of treasury shares		-	(319,340)
Proceeds from sale of treasury shares		-	361,782
Prepayment of bank fees		-	(4,747,261)
Finance costs paid		(53,692,942)	(40,318,566)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		137,591,023	69,573,041
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		13,479,871	(1,975,105)
Effect of foreign currency translation		(1,079,790)	(597,120)
Cash and cash equivalents at 1 January		10,130,373	12,702,598
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	9	22,530,454	10,130,373

	Kuwaiti Dinars	
	2025	2024
<b>MATERIAL NON-CASH TRANSACTIONS:</b>		
<b>OPERATING ACTIVITIES</b>		
Accounts receivable and other assets and prepayments	3,343,292	18,683,739
Other non-current liabilities	28,290,598	18,683,739
Accounts and other payables	29,683,805	21,315,181
<b>INVESTING ACTIVITIES</b>		
Additions to investment properties and advances paid to sub-contractor	(59,471,234)	(35,554,312)
Right-of-use assets	(50,871,633)	(12,256,439)
<b>FINANCING ACTIVITIES</b>		
Finance from banks	(4,006,274)	1,089,814
Lease liabilities	49,593,633	12,256,439

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

## MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2025

**1. Establishment and principal activities**

Mabane Company K.P.S.C (the "Parent Company") is a public Shareholding Company and is registered and incorporated in Kuwait since 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 consolidated financial statements comprises of Mabane Company K.P.S.C ("the Parent Company") and its consolidated subsidiaries (collectively "the Group"). The Parent Company is listed on the Boursa Kuwait. The registered postal address of the Parent Company is P.O. Box 5132, Safat 13052, State of Kuwait.

These consolidated financial statements were approved for issuance in accordance with a resolution of the Board of Directors on 1 February 2026 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 IFRS Accounting Standards 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 material 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**

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group but however these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

Standard, interpretation, amendments	Description
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

**Standards issued but not yet effective**

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective:

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	<p>These amendments:</p> <ul style="list-style-type: none"> <li>• permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.</li> <li>• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li> <li>• add new disclosures for certain instruments with contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVTOCI and each class of financial liability measured at amortised cost; and</li> <li>• Investments in equity instruments designated at FVTOCI-require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.</li> </ul>	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	<p>IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share. IFRS 18 introduces new requirements to:</p> <ul style="list-style-type: none"> <li>• present specified categories and defined subtotals in the statement of profit or loss</li> <li>• provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements</li> <li>• improve aggregation and disaggregation.</li> </ul> <p>The application of this standard may have an impact on the consolidated financial statements in future periods.</p>	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	<p>IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its consolidated financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.</p> <p>IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:</p> <ul style="list-style-type: none"> <li>• it is a subsidiary (this includes an intermediate parent)</li> <li>• it does not have public accountability, and</li> <li>• its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.</li> </ul>	1 January 2027

Standard, interpretation, amendments	Description	Effective date
Annual Improvements to IFRS Accounting Standards – Volume 11	Limited to amendments that either clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the standards	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements in the period of its initial application.

**2.4 Summary of material accounting policies**

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

**2.4.1 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.

**2.4.2 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 material 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.

**2.4.3 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.

**2.4.4 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.

**2.4.5 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.

**2.4.6 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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. 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.

**2.4.7 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.

**2.4.8 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. 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.

#### **2.4.9 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.

#### **2.4.10 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.

#### 2.4.11 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.

#### 2.4.12 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.

#### 2.4.13 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.

#### 2.4.14 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.

#### 2.4.15 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.

#### 2.4.16 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.

#### 2.4.17 Foreign currencies

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

#### i) Transaction & balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also

recognised in OCI or profit or loss, respectively). In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

#### ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into KD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

#### 2.4.18 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.

#### 2.4.19 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.

#### 2.4.20 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.

#### 2.4.21 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.

#### 2.4.22 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.

#### 2.4.23 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.

#### 2.4.24 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.

#### 2.4.25 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

## 3. Property and equipment

	Kuwaiti Dinars				
	Freehold Land	Buildings	Fixture and office equipment	Tools and motor vehicles	Total
<b>COST</b>					
At 1 January 2024	5,648,543	139,550,877	18,516,999	1,325,538	165,041,957
Additions	-	-	1,220,975	25,926	1,246,901
Exchange differences	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
Additions	-	-	1,446,103	-	1,446,103
Transfer	-	-	2,065,292	-	2,065,292
Exchange differences	(2,817)	(1,685)	(16,534)	(1,431)	(22,467)
<b>AT 31 DECEMBER 2025</b>	<b>5,647,135</b>	<b>139,550,034</b>	<b>23,244,764</b>	<b>1,350,752</b>	<b>169,792,685</b>
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2024	-	8,366,875	10,686,078	846,033	19,898,986
Depreciation charge for the year	-	3,012,239	2,268,245	150,020	5,430,504
Exchange differences	-	4,158	3,091	579	7,828
At 31 December 2024	-	11,383,272	12,957,414	996,632	25,337,318
Depreciation charge for the year	-	3,000,634	2,169,471	123,304	5,293,409
Exchange differences	-	(8,558)	(2,307)	(1,174)	(12,039)
<b>AT 31 DECEMBER 2025</b>	<b>-</b>	<b>14,375,348</b>	<b>15,124,578</b>	<b>1,118,762</b>	<b>30,618,688</b>
<b>CARRYING AMOUNT</b>					
<b>AT 31 DECEMBER 2025</b>	<b>5,647,135</b>	<b>125,174,686</b>	<b>8,120,186</b>	<b>231,990</b>	<b>139,173,997</b>
At 31 December 2024	5,649,952	128,168,447	6,792,489	355,551	140,966,439

Depreciation charge amounting to KD 4,112,635 (31 December 2024: KD 4,343,915) 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	
	2025	2024
<b>COST</b>		
At 1 January	1,250,640,122	1,011,503,760
Additions	381,884,250	243,353,086
Exchange differences	(6,981,747)	2,227,885
Transfer to asset held for sale (Note 4b)	-	(6,444,609)
	<u>1,625,542,625</u>	<u>1,250,640,122</u>
<b>ACCUMULATED DEPRECIATION</b>		
At 1 January	(127,068,469)	(115,728,660)
Depreciation charge for the year	(11,366,285)	(11,339,809)
	<u>(138,434,754)</u>	<u>(127,068,469)</u>
<b>CARRYING AMOUNT AT 31 DECEMBER</b>	<u>1,487,107,871</u>	<u>1,123,571,653</u>
<b>ANNUAL DEPRECIATION RATES</b>	<u>2% - 3.33%</u>	<u>2% - 3.33%</u>

## INVESTMENT PROPERTIES COMPRISE OF THE FOLLOWING:

	Kuwaiti Dinars	
	2025	2024
<b>KUWAIT</b>		
Completed properties	452,390,171	463,758,477
Properties under development	15,656,373	1,985,246
Owned land	1,371,115	1,371,115
	<u>469,417,659</u>	<u>467,114,838</u>
<b>KSA</b>		
Properties under development	857,881,424	495,253,619
Owned lands*	154,814,625	156,164,882
	<u>1,012,696,049</u>	<u>651,418,501</u>
<b>BAHRAIN</b>		
Owned land	4,994,163	5,038,314
	<u>4,994,163</u>	<u>5,038,314</u>
	<u>1,487,107,871</u>	<u>1,123,571,653</u>

The additions mainly represent cost amounting to KD 368,211,973 (31 December 2024: KD 236,212,386) incurred in the development of property projects of "Kingdom of Saudi Arabia" ("KSA"). This includes borrowing cost of KD 47,399,081 (31 December 2024: KD 29,935,512) capitalized during the year at a capitalization rate of 4.87% to 6.69% (31 December 2024: 4.46% to 6.28%).

\*Owned lands in KSA amounting to KD 154,814,625 (31 December 2024: KD 156,164,882) has been pledged with banks (Note 13).

The investment properties in Kuwait, owned land in KSA and hotels (Note 3) are fair valued using market comparable and significant unobservable valuation inputs, accordingly investment properties amounting to KD 445,898,659 (31 December 2024: KD 449,840,789) are classified under level 2 and investment properties amounting to KD 1,022,904,119 (31 December 2024: KD 1,044,146,783) are classified under level 3 respectively of 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. The fair value excludes the payment of properties under development, which represents a total of KD 873,537,797 (31 December 2024: KD 497,238,865).

The investment properties comprise of assets which are operational or under development in Kuwait on a leasehold land.

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

**4b Asset held for sale**

During previous year, one of the subsidiary of the Group entered into a binding agreement to sell its freehold interest in a parcel of land located in the State of Kuwait, which had a carrying value of KD 6,444,609 for a consideration of KD 28,000,000.

During the year, the buyer finalized all the necessary conditions and legal obligations as defined in the binding agreement, upon which the Group transferred the land deeds to the buyer and recognised a gain from sale of KD 21,555,391 in the consolidated statement of income.

**5. Investment in associates**

Details of the Group's associates at 31 December 2025 are as follows:

Name of associates	Principal activity	Ownership interest and voting power		Kuwaiti Dinars Carrying Value	
		2025 %	2024 %	2025	2024
Injaz Mabanee Real Estate Company W.L.L. (IMRECO)	Real estate development and investments	40	40	20,883,878	20,889,201
J3 For Management and Development of Lands and Real Estate W.L.L. (J3)	Real estate development and investments	35	35	16,782,241	10,809,630
Al Sorouh Residence W.L.L. (ASR)	Real estate development and management of residential building	35	35	1,616,564	1,669,547
Al Sorouh Hospitality Development Real Estate W.L.L. (ASH)	Real estate development and management of commercial & industrial centres building	35	35	4,125,612	4,134,818
Al Sorouh Management Company W.L.L. (ASM)	Real estate development and management of commercial & industrial centres & residential building	35	35	20,023,504	19,780,717
				<u>63,431,799</u>	<u>57,283,913</u>

The movement in investments in associates are as follows:

	Kuwaiti Dinars	
	2025	2024
Balance at 1 January	57,283,913	53,256,704
Increase in investment	5,936,145	3,395,239
Group's share of results from associates	783,345	793,450
Exchange differences	(214,758)	114,498
Dividend income received	(356,846)	(275,978)
Balance at 31 December	<u>63,431,799</u>	<u>57,283,913</u>

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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Current assets	10,352,012	7,401,430	16,171,927	4,787,540	14,256	14,256	3,054,199	3,391,288	29,592,394	15,594,514
Non-current assets	118,594,522	115,801,798	149,296,309	137,292,962	66,510,690	66,510,690	25,272,411	26,078,547	359,673,932	345,683,997
Current liabilities	(32,665,305)	(9,119,207)	(2,218,514)	(1,090,942)	-	(7,453)	(1,642,323)	(2,780,317)	(36,526,142)	(12,997,919)
Non-current liabilities	(39,071,223)	(57,567,686)	(114,538,733)	(109,754,984)	-	-	(10,278,064)	(10,110,280)	(163,888,020)	(177,432,950)
Accounting policy adjustments *	-	-	-	-	(357,474)	(430,026)	-	-	(357,474)	(430,026)
<b>EQUITY</b>	<b>57,210,006</b>	<b>56,516,335</b>	<b>48,710,989</b>	<b>31,234,576</b>	<b>66,167,472</b>	<b>66,087,467</b>	<b>16,406,223</b>	<b>16,579,236</b>	<b>188,494,690</b>	<b>170,417,614</b>
<b>GROUP'S ADJUSTMENT ON ASSOCIATE'S EQUITY</b>	-	-	(266,605)	(122,473)	(5,545,783)	(5,545,783)	-	-	(5,812,388)	(5,668,256)
Group's carrying amount in the investment	20,023,504	19,780,717	16,782,241	10,809,630	20,883,878	20,889,201	5,742,176	5,804,365	63,431,799	57,283,913
<b>REVENUE</b>	<b>11,249,777</b>	<b>7,470,561</b>	<b>194,713</b>	<b>394,887</b>	-	-	<b>4,219,572</b>	<b>3,267,857</b>	<b>15,664,062</b>	<b>11,133,305</b>
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>2,009,834</b>	<b>1,983,812</b>	<b>104,192</b>	<b>390,460</b>	<b>(41,401)</b>	<b>(12,022)</b>	<b>171,415</b>	<b>(93,534)</b>	<b>2,244,040</b>	<b>2,268,716</b>
<b>GROUP'S SHARE OF PROFIT (LOSS) FOR THE YEAR</b>	<b>703,442</b>	<b>694,334</b>	<b>36,467</b>	<b>136,661</b>	<b>(16,560)</b>	<b>(4,809)</b>	<b>59,996</b>	<b>(32,736)</b>	<b>783,345</b>	<b>793,450</b>

\* 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 are pledged to secure the loans obtained by the associate to finance the underlying project. 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
<b>COST</b>			
At 1 January 2024	2,596,171	35,464,159	38,060,330
Additions	-	12,256,439	12,256,439
Disposals	(37,589)	-	(37,589)
Exchange differences	(6,566)	-	(6,566)
At 31 December 2024	2,552,016	47,720,598	50,272,614
Additions	50,871,633	-	50,871,633
Exchange differences	45,566	-	45,566
Adjustments	27,769	-	27,769
<b>AT 31 DECEMBER 2025</b>	<b>53,496,984</b>	<b>47,720,598</b>	<b>101,217,582</b>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2024	1,313,692	17,183,778	18,497,470
Depreciation charge for the year	350,811	8,224,392	8,575,203
Disposals	(29,757)	-	(29,757)
Exchange differences	(8,909)	-	(8,909)
At 31 December 2024	1,625,837	25,408,170	27,034,007
Depreciation charge for the year	2,424,343	8,474,798	10,899,141
Exchange differences	5,266	-	5,266
Adjustments	(337,316)	-	(337,316)
<b>At 31 December 2025</b>	<b>3,718,130</b>	<b>33,882,968</b>	<b>37,601,098</b>
<b>CARRYING AMOUNT</b>			
<b>At 31 December 2025</b>	<b>49,778,854</b>	<b>13,837,630</b>	<b>63,616,484</b>
At 31 December 2024	926,179	22,312,428	23,238,607

1. The underlying lease on which The Avenues – Kuwait is constructed was renewed for a period of five years ending September 2030, with no major changes to its terms and conditions.

2. During the previous year, the Parent Company was awarded a tender from Touristic Enterprise Company (“TEC”) to operate and manage a seaford 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 favour of TEC and made an advance payment of KD 1,278,000. This amount was previously recognised within accounts receivable and other assets until the contract was completed and the actual date for operating the resort is determined. The Parent Company signed the contract with TEC on 4 July 2024.

On 15 April 2025, the Parent Company formally took possession of the leased asset and commenced exercising its associated rights and obligations. Consequently, in accordance with the contractual terms, the right to the leased asset has been recognised for a period of 17 years.

The investment properties comprise of assets which are operational or under development in Kuwait 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 9,067,772 (31 December 2024: KD 8,705,218).

Amount recognized in Consolidated Statement of income is:

	Kuwaiti Dinars	
	2025	2024
Depreciation expense on right-of-use assets (included in investment properties) (Note 4)	2,322,374	99,778
Depreciation expense on right-of-use assets (included in general and administrative expenses) (Note 19)	452,153	350,811
Depreciation expense on right-of-use assets (included in investment properties expenses) (Note 18)	8,124,614	8,124,614
	<b>10,899,141</b>	<b>8,575,203</b>

**7. Advance payments and prepayments**

	Kuwaiti Dinars	
	2025	2024
Advance payment to contractors	51,276,681	48,309,927
Prepayments	12,155,563	9,817,233
Others	666,965	1,169,010
	<b>64,099,209</b>	<b>59,296,170</b>

**8. Accounts receivable and other assets**

	Kuwaiti Dinars	
	2025	2024
Gross lease and other amounts receivable from lessees	8,434,285	9,290,295
Less: ECL	(4,098,396)	(1,694,245)
Net lease and other amounts receivable from lessees	4,335,889	7,596,050
Monetary financial assets	9,436,891	12,304,050
VAT receivables	40,243,895	11,080,412
Advances to contractors and suppliers	984,313	1,599,184
Prepayments	1,061,743	681,552
	<b>56,062,731</b>	<b>33,261,248</b>

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 26.

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	
	2025	2024
Cash in hand	61,362	52,751
Current and call account with banks	20,063,910	9,857,592
Deposits with original maturities up to three months	2,405,182	220,030
Cash and cash equivalent for consolidated statement of cash flows	22,530,454	10,130,373
Deposits with original maturities after three months	53,014,938	127,920,983
	<u>75,545,392</u>	<u>138,051,356</u>

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 2025 were 2.63% to 5.40% (31 December 2024: 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	
	2025	2024
Kuwaiti Dinars	6,803,009	10,670,920
US Dollars	3,653	3,891
Saudi Riyal	67,393,322	127,040,340
Other currencies	1,345,408	336,205
	<u>75,545,392</u>	<u>138,051,356</u>

**10. Equity and reserves****Share capital and share premium**

The authorized share capital of the Parent Company as at 31 December 2025 and 31 December 2024 is KD 155,000,000 consisting of 1,550,000,000 shares of 100 fils each.

The issued and fully paid up share capital of the Parent Company as at 31 December 2025 is KD 147,886,500 consisting of 1,478,865,002 shares (31 December 2024: KD 139,515,566 consisting of 1,395,155,663) of 100 fils each.

The capital increase was formally registered in the commercial register on 24 March 2025, based on the Ordinary General Assembly meeting.

**Dividends**

The Ordinary General Assembly meeting of the shareholders held on 16 March 2025 approved cash dividend of 14 fils per share and 6% bonus shares for the year ended 2024 (2023: 14 fils per share of dividends and 6% of bonus shares). The cash dividend paid during the year amounted to KD 19,532,166 (2023: KD 18,420,980). The bonus shares increased the number of issued and fully paid shares by 83,709,339 shares (2023: KD 78,971,075 shares) and share capital by KD 8,370,934 (2023: KD 7,897,107).

The Board of Directors have proposed the distribution of 20% cash dividend amounting to 20 fils per share of the paid-up capital as at 31 December 2025 to the registered shareholders as of the date of regulatory approval and 6% bonus shares amounting to KD 8,873,190 in the ratio of 6 shares for every 100 shares totaling to 88,731,900 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 up to 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**

	Kuwaiti Dinars	
	2025	2024
Number of treasury shares	1,910	919
Percentage of share capital	0.00013%	0.00007%
Cost (Kuwaiti Dinars)	-	-
Market value (Kuwaiti Dinars)	2,059	700

**Other reserves**

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

**11. Other non-current liabilities**

	Kuwaiti Dinars	
	2025	2024
Security deposits	23,617,530	22,394,873
Retention payables	62,995,763	34,035,752
	<u>86,613,293</u>	<u>56,430,625</u>

**12. Lease liabilities**

	Kuwaiti Dinars	
	2025	2024
Current	424,459	8,822,644
Non-current	65,190,550	13,222,774
	<u>65,615,009</u>	<u>22,045,418</u>

	Building	Leasehold land	Total
<b>AT 1 JANUARY 2024</b>	1,365,707	16,435,461	17,801,168
Additions	-	12,256,439	12,256,439
Finance costs charged to profit or loss	55,695	644,854	700,549
Lease payments	(190,087)	(8,515,131)	(8,705,218)
Rent relief	(9,947)	-	(9,947)
Exchange differences	2,427	-	2,427
<b>AT 31 DECEMBER 2024</b>	1,223,795	20,821,623	22,045,418
Additions	49,593,633	-	49,593,633
Finance costs (charged to profit or loss and capitalized)	2,157,814	686,445	2,844,259
Lease payments	(516,298)	(8,551,474)	(9,067,772)
Exchange differences	47,677	-	47,677
Adjustments	151,794	-	151,794
<b>AT 31 DECEMBER 2025</b>	<b>52,658,415</b>	<b>12,956,594</b>	<b>65,615,009</b>

Maturity analysis:

	Kuwaiti Dinars	
	2025	2024
Year 1	424,459	8,822,644
Year 2	5,733,955	409,005
Year 3	6,231,853	752,468
Year 4	6,004,086	987,273
Year 5	5,954,541	874,601
Above 5 years	41,266,115	10,199,427
	<b>65,615,009</b>	<b>22,045,418</b>

Amount recognized in consolidated financial statements is:

	Kuwaiti Dinars	
	2025	2024
Finance costs (included in investment properties) (Note 4)	2,685,209	161,544
Finance costs (included in finance costs)	159,050	539,005
	<b>2,844,259</b>	<b>700,549</b>

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	
	2025	2024
Non-current		
Murabaha and Islamic finance	835,494,463	580,487,318
	<b>835,494,463</b>	<b>580,487,318</b>
Current		
Bank overdraft facilities	16,000,000	22,693,821
Murabaha and Islamic finance	27,852,562	83,787,932
	<b>43,852,562</b>	<b>106,481,753</b>
	<b>879,347,025</b>	<b>686,969,071</b>

	Kuwaiti Dinars	
	2025	2024
Finance from Banks in KWD	295,704,837	361,468,108
Finance from Banks in SAR equivalent to KWD	583,659,438	325,500,963
	<b>879,364,275</b>	<b>686,969,071</b>

Bank facilities are drawn from local and regional commercial banks denominated in Kuwaiti Dinars and Saudi Riyals. The facilities are drawn at the floating interest rate effective interest rates on these facilities as at 31 December 2025 is 6.69% (31 December 2024: 6.28%) per annum, and a maturity with the last payment by 2036.

	Kuwaiti Dinars	
	2025	2024
Owned land in KSA (Note 4)	154,814,625	156,164,882
	<b>154,814,625</b>	<b>156,164,882</b>

The pledge land has a project being constructed with a carrying value of KD 857,881,424 (31 December 2024: KD 495,253,619) as of reporting date.

### 14. Accounts and other payables

	Kuwaiti Dinars	
	2025	2024
Accounts payables	3,104,665	3,547,164
Retentions payable	354,009	2,370,056
Payable to contractors & project accruals	30,486,896	21,760,270
Deferred income	79,559	2,299,249
Rent received in advance	4,118,423	4,321,606
Payable to Zakat and NLST	3,245,279	2,470,732
Payable to KFAS	880,681	683,158
Dividend payables	783,134	745,571
Other payables	27,467,690	21,398,933
	<b>70,520,336</b>	<b>59,596,739</b>

**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	
	2025	2024	2025	2024	2025	2024	2025	2024
Segment revenue	118,385,605	116,035,924	21,084,101	17,583,863	25,793,196	8,858,294	165,262,902	142,478,081
Segment expenses	(54,457,274)	(54,660,348)	(17,877,941)	(16,553,696)	(9,032,617)	(6,455,275)	(81,367,832)	(77,669,319)
Segment results	63,928,331	61,375,576	3,206,160	1,030,167	16,760,579	2,403,019	83,895,070	64,808,762
Segment assets	1,809,515,714	1,436,216,470	135,017,952	139,581,588	6,694,903	8,577,719	1,951,228,569	1,584,375,777
Segment liabilities	1,103,464,303	823,788,218	4,155,188	5,638,104	1,650,694	2,004,863	1,109,270,185	831,431,185

	Kuwaiti Dinars							
	Kuwait		Saudi Arabia		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Segment revenue	162,380,385	140,512,037	566,993	193,801	2,315,524	1,772,243	165,262,902	142,478,081
Segment expenses	(76,455,147)	(74,927,857)	(3,417,281)	(2,251,750)	(1,495,404)	(489,712)	(81,367,832)	(77,669,319)
Segment results	85,925,238	65,584,180	(2,850,288)	(2,057,949)	820,120	1,282,531	83,895,070	64,808,762
Segment assets	833,769,520	861,127,171	1,081,390,835	685,566,946	36,068,214	37,681,660	1,951,228,569	1,584,375,777
Segment liabilities	429,889,618	446,432,341	677,630,813	382,784,944	1,749,754	2,213,900	1,109,270,185	831,431,185

**16. Revenue from investment properties**

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

	Kuwaiti Dinars	
	2025	2024
Lease income from investment properties	92,498,898	90,957,076
Income from services	10,739,316	10,122,753
Arrangement fees	96,092	371,359
Advertising services	8,956,830	8,653,282
Others	5,311,124	5,138,004
	<u>117,602,260</u>	<u>115,242,474</u>
Geographical markets		
Kuwait	116,194,287	114,121,865
Bahrain	987,902	956,649
Saudi Arabia	420,071	163,960
	<u>117,602,260</u>	<u>115,242,474</u>
Timing of revenue recognition		
Revenue recognised point in time	5,311,124	5,138,004
Revenue recognised over time	19,792,238	19,147,394

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**

	Kuwaiti Dinars	
	2025	2024
Income from rooms bookings	13,162,265	10,503,524
Food and beverages	6,101,265	5,505,964
Others	1,820,571	1,574,375
	<u>21,084,101</u>	<u>17,583,863</u>
Geographical markets		
Kuwait	21,084,101	17,583,863
Timing of revenue recognition:		
Revenue recognised point in time	21,084,101	17,583,863

**18. Investment properties expenses**

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

	Kuwaiti Dinars	
	2025	2024
Depreciation expense on right of use assets (Note 6)	8,124,614	8,124,614
Repairs and maintenance	7,097,897	6,194,154
General operating expenses	12,102,169	11,341,703
	<u>27,324,680</u>	<u>25,660,471</u>

**19. General and administrative expenses**

	Kuwaiti Dinars	
	2025	2024
Staff costs	3,143,331	3,338,823
Depreciation on property and equipment (Note 3)	1,011,029	1,086,589
Depreciation of rights of use of assets (Note 6)	452,153	350,811
Direct rent expense	103,288	63,124
Expected credit loss on accounts receivable (Note 26)	2,404,151	-
Other costs	4,892,102	1,947,728
	<u>12,006,054</u>	<u>6,787,075</u>

**20. Taxation**

	Kuwaiti Dinars	
	2025	2024
Contribution to Kuwait's KFAS	880,681	683,158
Contribution to Kuwait's NLST	2,316,110	1,783,809
Contribution to Kuwait's Zakat	929,169	713,524
	<u>4,125,960</u>	<u>3,180,491</u>

**21. 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	
	2025	2024
<b>RIGHT OF USE ASSETS</b>		
Office premises	<u>429,425</u>	<u>552,117</u>
<b>ACCOUNTS RECEIVABLE AND PREPAYMENTS</b>		
Lease and other receivables from lessees	<u>106,071</u>	<u>109,900</u>
<b>RECEIVABLES FROM ASSOCIATE</b>		
On demand	<u>318,398</u>	<u>407,843</u>
The amount receivable is interest free.		
<b>LEASE LIABILITIES</b>	<u>483,741</u>	<u>610,988</u>
<b>ACCOUNTS AND OTHER PAYABLES</b>		
Rent received in advance		
Within one year	<u>1,628,820</u>	<u>1,398,216</u>

**TRANSACTIONS**

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

	Kuwaiti Dinars	
	2025	2024
Revenue	<u>14,812,081</u>	<u>16,790,004</u>
Expenses	<u>506,719</u>	<u>130,700</u>
Management fees (Included in investment properties revenue)	<u>1,410,742</u>	<u>1,385,185</u>

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

	Kuwaiti Dinars	
	2025	2024
Assets		
Property and equipment/Investment properties	<u>1,112,391</u>	<u>297,874</u>

**COMPENSATION OF KEY MANAGEMENT PERSONNEL**

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

	Kuwaiti Dinars	
	2025	2024
Balances with key management personnel		
Termination benefits	<u>2,897,863</u>	<u>2,705,188</u>
Short term benefits	<u>175,923</u>	<u>166,139</u>
	<u>3,073,786</u>	<u>2,871,327</u>

	Kuwaiti Dinars	
	2025	2024
Transactions with key management personnel		
Salaries and other short-term benefits	<u>1,499,082</u>	<u>1,363,135</u>
Termination benefits	<u>191,346</u>	<u>1,210,079</u>
	<u>1,690,428</u>	<u>2,573,214</u>

**DIRECTOR'S FEE**

The Director's fee of KD 714,000 (2024: KD 724,000) is subject to the approval of shareholders at the Annual General Assembly. The Ordinary General Assembly meeting of the shareholders held on 16 March 2025 approved the director fee of KD 730,000 for the year ended 31 December 2024.

**22. 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	
	2025	2024
Profit for the year attributable to equity holders of the Parent Company	<u>84,562,016</u>	<u>65,212,255</u>
	Shares	
Weighted average number of outstanding shares during the year:		
Issued shares*	<u>1,478,865,002</u>	<u>1,478,865,002</u>
Treasury shares**	<u>(1,606)</u>	<u>(176,088)</u>
Total	<u>1,478,863,396</u>	<u>1,478,688,914</u>
Basic and diluted earnings per share	<u>57.18 fils</u>	<u>44.10 fils</u>

\* 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.

**23. Subsidiaries**

Details of the Group's subsidiaries at 31 December 2025 are as follows:

Name of subsidiary	Place of Incorporation	Proportion of ownership interest and voting power		Principal activities
		2025 %	2024 %	
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
Urban Hospitality and Hotel Management Company S.P.C. (Formerly known as 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
Al-Rai Logistica K.S.C. (Closed)	Kuwait	98.18	98.18	Warehousing facilities, construction and management
Shomoul Holding Company L.L.C. *	Kingdom of Saudi Arabia	73	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
J3 For Import & Export Company W.L.L.	Kuwait	65	65	Property development, purchase and sale of land and properties, management of owned and leased properties, and trading of equipment and construction materials
Entertainment City Group Company For Children's Amusement Games L.L.C. **	Kuwait	80	80	Operation and management of family entertainment centers
<b>Held through The Avenues Holding Company K.S.C. (Closed)</b>				
The Avenues for Publication, Advertising, Distribution and Technical Production Company S.P.C.	Kuwait	100	100	Advertising, publishing, distribution and art production
<b>Held through Second Mabanee Property Management Company S.P.C.</b>				
Shomoul Al Maaly Real Estate Company S.P.C.	Kingdom of Saudi Arabia	100	-	Property development, purchase and sale of land and properties, management of owned and leased properties and real estate brokerage services
<b>Held through Al-Rai Logistica K.S.C. (Closed)</b>				
Enkay Express Company For Cargo Transportation Import Export Commission Agent S.P.C.	Kuwait	100	100	Freight forwarding and warehousing services
Al Rai Logistica Company Bahrain W.L.L.	Bahrain	100	100	Freight forwarding and warehousing services
Enkay Express Bahrain W.L.L.	Bahrain	100	100	Freight forwarding and warehousing services

Al Rai Logistica UAE L.L.C.	United Arab Emirates	100	100	Freight forwarding and warehousing services
Enkay Express UAE	United Arab Emirates	100	100	Freight forwarding and warehousing services
<b>Held through Shomoul Holding Company L.L.C.</b>				
Shomoul Al Riyadh Hotels Company	Kingdom of Saudi Arabia	100	100	Property development and investment
Shomoul Commercial Mall Company	Kingdom of Saudi Arabia	100	100	Property development, purchase and sale of land and properties, management of owned and leased properties
Shomoul Medical Care Company	Kingdom of Saudi Arabia	100	100	Construction and operation of hospital, medical centres and governmental and private dispensaries
Shomoul Al Riyadh Cooling and Air Conditioning Company	Kingdom of Saudi Arabia	100	100	Repair and maintenance of refrigerators and air purifiers, and production and distribution of chilled water
Durrat Shomoul Hotels Company	Kingdom of Saudi Arabia	100	100	Property development, purchase, sale and renting of land and properties, management of owned and leased properties
Shomoul Al-Oula Hotels Company	Kingdom of Saudi Arabia	100	100	Property development, purchase, sale and renting of land and properties, management of owned and leased properties
Shomoul Al Maaly Real Estate Company S.P.C.	Kingdom of Saudi Arabia	100	100	Property development, purchase, sale and renting of land and properties, management of owned and leased properties
Marafiq Shomoul Real Estate Development	Kingdom of Saudi Arabia	100	100	Property development, purchase, sale and renting of land and properties, management of owned and leased properties
Shomoul Al Khobar Real Estate Development Company	Kingdom of Saudi Arabia	100	100	Purchasing land, construction of buildings, and invest for sale and rental benefits
Shomoul Al Sharqiah Development, Commercial and Investment Company	Kingdom of Saudi Arabia	100	100	Property development, purchase and sale of land and properties, management of owned and leased properties
Shomoul Hospitality Company	Kingdom of Saudi Arabia	100	100	Engage in hotel, accommodation and food services

\* During the year, the Parent Company transferred 7% stake in Shomoul Holding Company L.L.C to the minority shareholder through a restructuring scheme where the compensation was through the current accounts between the shareholders.

During the year, the minorities of Shomoul Holding Company L.L.C have contributed an additional shareholder funding of KD 26,343,934 which was paid towards the project's under development.

\*\* During the year, the Company was newly incorporated.

Summarized 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	
	2025	2024
<b>PARTICULARS</b>		
Current Assets	51,303,635	11,870,503
Non-current Assets	1,029,731,298	673,696,443
Current liabilities	(31,042,487)	(22,931,831)
Non-current liabilities	(646,442,212)	(359,853,113)
Equity attributable to owners of the Company	(297,183,867)	(219,480,277)
Non-controlling interests	(106,366,367)	(83,301,725)
Revenue	292,362	29,841
Expenses	(3,290,083)	(2,018,984)
<b>LOSS FOR THE YEAR</b>	<b>(2,997,721)</b>	<b>(1,989,143)</b>
Loss attributable to the owners of the Company	(2,338,457)	(1,591,315)
Loss attributable to the non-controlling interests	(659,264)	(397,828)
<b>LOSS FOR THE YEAR</b>	<b>(2,997,721)</b>	<b>(1,989,143)</b>
Net cash (used in) from operating activities	(25,019,317)	1,056,043
Net cash used in investing activities	(293,103,028)	(186,440,997)
Net cash from financing activities	328,312,350	183,013,210
<b>NET CASH INFLOW (OUTFLOW)</b>	<b>10,190,005</b>	<b>(2,371,744)</b>

## 24. Commitments and contingent liabilities

a) Capital commitments outstanding for the Group as at 31 December 2025 is KD 689,910,894 (2024: KD 1,067,773,656).

The Group has secured debt in place to finance the project expansions with the value of the debt undrawn as of December 31, 2025, amounting to KD 244,182,979 (2024: KD 513,491,037) which is part of the debt plan in addition to the shareholder's funding.

Subsequent to the year end, the group has secured an additional debt facility amounting to KWD 476,556,861 which is available for drawdown.

b) At 31 December 2025, the Group has given letters of credit, outstanding bank and corporate guarantee amounting to KD 73,884,051 (2024: KD 87,378,606) in the ordinary course of business.

## 25. 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, finance from banks and accounts 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.

- **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

## 26. 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	
	2025	2024
Receivables from associates	318,398	407,843
Accounts receivables & other assets	13,772,780	19,900,100
VAT receivables	40,243,895	11,080,412
Current and call accounts with banks and term deposits with banks	75,484,030	137,998,605
	<b>129,819,103</b>	<b>169,386,960</b>

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

	Approach	Kuwaiti Dinars					
		31 December 2025			31 December 2024		
		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	20,063,910	-	20,063,910	9,857,592	-	9,857,592
Deposits with original maturities up to three months	General	2,405,182	-	2,405,182	220,030	-	220,030
Deposits with original maturities after three months	General	53,014,938	-	53,014,938	127,920,983	-	127,920,983
Lease and other amounts receivable from lessees	Simplified	8,434,285	(4,098,396)	4,335,889	18,059,610	(1,694,245)	16,365,365
Other accounts receivables in nature of financial assets	General	9,436,891	-	9,436,891	3,534,735	-	3,534,735
VAT receivables	General	40,243,895	-	40,243,895	11,080,412	-	11,080,412
Receivables from associates	General	318,398	-	318,398	407,843	-	407,843
		<b>133,917,499</b>	<b>(4,098,396)</b>	<b>129,819,103</b>	<b>171,081,205</b>	<b>(1,694,245)</b>	<b>169,386,960</b>

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.

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

	Kuwaiti Dinars	
	2025	2024
Opening	1,694,245	1,694,245
Net movement in loss allowance	2,404,151	-
Closing	4,098,396	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 2025 and 2024, based on contractual payment dates:

31 December 2025	Kuwaiti Dinars			
	Within 3 months	3 to 12 months	1 to 7 Years	Total
Finance from banks	20,572,138	62,715,725	1,208,068,273	1,291,356,136
Other non-current liabilities	-	-	86,613,293	86,613,293
Lease liabilities	176,069	578,021	113,024,022	113,778,112
Accounts and other payables	38,854,664	27,467,689	-	66,322,353
Total liabilities	59,602,871	90,761,435	1,407,705,588	1,558,069,894

Commitments	127,264,037	200,060,403	362,586,454	689,910,894
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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
Accounts 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

#### 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 Kuwait and Saudi Central Bank's 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 2025, 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 2,155,881 [31 December 2024: KD 1,673,012]. 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 2025, 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 21,901,328 [31 December 2024: KD 18,580,803] 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	
	2025	2024
Saudi Riyal	20,177,512	16,840,888
Bahraini Dinar	1,647,676	1,621,761
Emirati Dirham	76,140	118,154
	21,901,328	18,580,803

#### Equity price risk

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. At the reporting date, the Group is not materially exposed to equity price risk.

#### 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.

**27. 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	
	2025	2024
Finance from banks (Note 13)	879,347,025	686,969,071
Lease liability (Note 12)	65,615,009	22,045,418
Less: Cash and bank balances (Note 9)	(75,545,392)	(138,051,356)
Net debt	869,416,642	570,963,133
Equity	841,958,383	752,944,592
Total	1,711,375,025	1,323,907,725
Gearing ratio	51%	43%

**28. 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.

**Provision for expected credit losses of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 8.

**Leases - Estimating the incremental borrowing rate**

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



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